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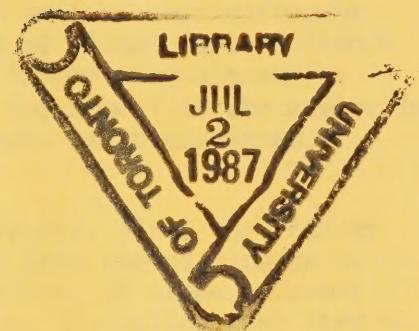
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Government
Publications



STANDING COMMITTEE ON PUBLIC ACCOUNTS
ALLEGED CONFLICT OF INTEREST
MONDAY, SEPTEMBER 15, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gregory, M. E. C. (Mississauga East PC)
Harris, M. D. (Nipissing PC)
Miller, G. I. (Haldimand-Norfolk L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Fish, S. A. (St. George PC) for Mr. Harris
McGuigan, J. F. (Kent-Elgin L) for Mr. Ferraro
Polzinelli, C. (Yorkview L) for Mr. D. W. Smith
Ward, C. C. (Wentworth North L) for Mr. G. I. Miller

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service
Bell, J., Legal Counsel; with Shibley, Righton and McCutcheon
Peters, M., Associate Counsel; with Shibley, Righton and McCutcheon

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, September 15, 1986

The committee met in camera at 10:20 a.m. in room 230.

ALLEGED CONFLICT OF INTEREST
(continued)

11:30 a.m.

Mr. Chairman: The open session of the committee is to deal with the notice of motion put forward by Mr. Philip at our last meeting. There are some wording changes.

Mr. Philip moves that the chairman of the standing committee on public accounts communicate to the Speaker of the Legislative Assembly of Ontario that it is the wish of the members of that committee that he issue a warrant to the Premier to release to the clerk of the committee the report commissioned by the Premier from the law firm Blake, Cassels.

Mr. Philip: The rules under standing order 91(b) state that, "Except when the House otherwise orders, each committee shall have power to send for persons, papers and things."

As part of its mandate, this committee has to look at four different aspects related to the alleged conflict of interest of Elinor Caplan. Item 4 deals with the matter: "Do the existing guidelines impose adequate and/or clear obligations and restrictions on ministers of the crown? If the answer is no, then how should these obligations and restrictions be strengthened, clarified and applied?"

We are about to work on that section in our report. Since the Premier has commissioned a report at public expense to look into the disclosure of cabinet ministers under conflict-of-interest guidelines, it seems relevant that this committee should have copies of that report in dealing with item 4. In response to a letter of August 2 from our chairman, the Premier has made the argument:

"I wish to remind members of my statement to the Ontario Legislature of July 22, in which I announced that Mr. Aird would conduct a thorough study of conflict-of-interest practices in Ontario. His mandate was to evaluate and devise appropriate regulations, including the possibility of legislation, and consider the advisability of establishing a commission 'to ensure on a continuing basis that the disclosure made by ministers and other affected parties is up to date.'"

If you take that mandate, which he says Mr. Aird has, and compare it to item 4, which we have in preparing our report, you can see the similarity. Notwithstanding this, the Premier says that he has sent the Blake, Cassels report to Mr. Aird and, in the light of Mr. Aird's study, he will not release it to the committee. I say to you that is contemptuous of the Premier to a committee of the Legislature that is studying a matter of extreme importance.

In Wigmore's Text on Evidence, it is stated: 'When a person who is claiming a privilege releases some of the information, the claim of the privilege is lost and if the material is compellable, it must be released.'

In case the Liberal members on the committee try to suggest that this is a cabinet document and cannot be released, I suggest to you that the Premier has already released parts of the contents of this report to the media and it is no longer privileged information or, analogously, it is no longer a cabinet document.

I guess the Premier is playing the political equivalent of what my father used to describe as the Lily St. Cyr fan dance. You reveal a little bit, what you want to reveal or what you are allowed to reveal, but you do not reveal the whole thing. That is completely unacceptable. The Premier cannot have it both ways. It is clearly within the mandate of this committee to look at this. I hope on this occasion the Liberals will not vote against it, as they did on August 21 when we first requested this.

Mr. Chairman: Mr. Epp, Mr. Gillies and Mr. Ward.

Mr. Gillies: Thank you, Mr. Chairman. Mr. Epp? Oh, you are Epp.

Mr. Epp: You are Gil Phillips, are you not?

Mr. Gillies: I am a wealthy real estate broker from Waterloo.

Mr. Philip: The Liberals and Conservatives were always the same; we always said that.

Mr. Epp: I find it difficult for two reasons to comprehend that we would have the motion at this time. One is that, as has been indicated on a number of occasions, we are dealing with the Caplan affair and Ms. Caplan is not, as the Premier has reiterated a number of times, involved in the study, as Mr. Fontaine is not. From that standpoint, the report is not relevant to our goings-on in the committee.

The other thing is that the Premier has indicated the study will be released in conjunction with the Aird report. Therefore, what is the hurry from the standpoint of the committee? We know it will be released within the next week or two, no later than early October. It will not be particularly relevant to what we are doing, so why should we not leave it and go on to much more important work that we have before the committee? Mr. Philip and other members of the committee have indicated that we have important and pressing business before us and, because of its irrelevancy, this is not something that should be taking up our time.

Mr. Chairman, although you made the judgement earlier that it was relevant, I suggest it is not particularly relevant to what we are doing and we should not be dealing with it. If we deal with it, I would have no problem voting against it. I do not think it is advantageous to the committee to have a subpoena asking the Speaker to get the information for us; it will not be helpful to us.

Mr. Gillies: The members of our caucus will be supporting the motion. We do not do so lightly. My understanding is that never before has a Speaker's warrant had to be issued against the Office of the Premier. I do not think it is something we would undertake likely.

The problem we are faced with though is twofold. First, I believe the contents of the Blake, Cassels report are potentially relevant to the inquiry we are undertaking and, I might add, to the inquiry on Mr. Fontaine's affairs being undertaken in the standing committee on the Legislative Assembly.

As Mr. Philip indicated, one of the things we are charged with in this committee is to determine whether the obligations on ministers of the crown were adequate and clear with regard to conflict. I continue to believe that the assumptions and the modus operandi of all ministers provide a context for the examination of both the Caplan affair and the Fontaine affair. I see it as entirely relevant, notwithstanding that the fourth point with which we are charged is not that specific to Caplan anyway; it is a rather general question.

The other problem, as I see it, is that if I could believe we would have the information released to us expeditiously, perhaps the motion would not be necessary. But I am afraid I have seen a couple of instances in the past number of months in which information has been promised expeditiously to either committee or members of the opposition in the House and then Mr. Peterson and his office have moved to a lengthy delaying tactic. We have been burned a couple of times. I asked for information on computer contracts throughout the government months ago. We were told at first he could provide it to me and to the House very expeditiously. Finally, in response to a written question, he said it would be available in October. I will believe it in October when I see it.

11:40

In terms of the motion, I do not believe we are being precipitate, because we have made every reasonable attempt, I believe, to have the information brought before us without any sort of compulsion. There was the first letter, which went under the signature of our chairman and was responded to. There was the second letter, which went under my signature as vice-chairman. I even went to the lengths myself of going to the standing committee on the Legislative Assembly the night the Premier appeared there specifically to ask him again whether he would make that information available to us, and his response was the same: that he was determined to do so in his time and not necessarily on a timetable that may be better for the committee.

The Premier may see it as being to the government's advantage that this information not come forward during the period of time that these two committees are sitting. I say "may"; you have to agree that this may be the political motivation here. But what might be in the political interests of the government in this instance I do not see as being in the public interest. If he is happy to release the information in his own time, why can he not try to accommodate the work we are doing and bring it forward now? Therefore, I have no hesitation at all in supporting the motion.

Mr. Ward: Rest assured that the government members of this committee will not be supporting the motion. At the outset, it was stated that part of this committee's mandate was to look at much broader issues than just those relating to Elinor Caplan and the Innovation Development for Employment Advancement Corp. grant to Wyda. It is true that at our first meeting this committee chose to establish terms of reference that addressed a much broader issue; but I will remind the committee that our mandate from the Legislature specifically in the motion that was put forward by the government House leader at the time was to deal with these issues immediately and to report on the allegations against Elinor Caplan as soon as possible.

Since that time, as far as I am concerned, there has been a tremendous effort at procrastination on the part of this committee. We have explored this issue in depth. We have gone off on several tangents. As far as I am concerned, this is just another example of delaying the process, and in this case justice delayed is most certainly justice denied.

We have been assured by the Premier that neither René Fontaine nor Elinor Caplan was part of this report. We now put forward an argument that we are deeply concerned that, in the absence of resource material that was made available to an independent individual--in this case, John Black Aird--to report on these matters, we insist we cannot address the broader issues of that report, and we bemoan the fact that these issues have been referred to two committees of the Legislature as well as to John Black Aird.

If we were seriously concerned about whether our input on these broader issues was to have any impact on any future conflict-of-interest guidelines, surely we would have put ourselves in a position of being able to report our findings to Mr. Aird prior to the completion of his report in October. Here it is the middle of September and we are asking him for information that forms part of the basis of his report before he has completed the report. As far as I am concerned, this is a great political exercise, but it is not relevant at all to this committee's mandate and is just another example of trying to go off on another tangent and to procrastinate further on the issues that are before us. I cannot see any relevance whatsoever to this committee's mandate as charged by the Legislature.

Mr. Wildman: I will address some of the comments made by my colleagues from the Liberal Party. First, with regard to relevance, that has already been ruled upon, so I will not go into that. However I take exception to the suggestion that this is an act of delay, that in some way this committee is procrastinating. I should remind members once again that the Premier was requested to provide us with this information in early August. It is not our doing that in the middle of September we are requesting this information again.

The motion was put on August 21 before this committee. The members of the Liberal caucus exercised their right to delay voting on the motion until we next met--today. If there is any delay involved in this so-called political exercise, it has been on the part of the Liberal Party and the Premier. If the Premier had complied with our request, if the Liberals on the committee had seen the need to assist this committee to complete its work, we would not be here in the middle of September requesting information we could have had a month and a half ago. The question of delay rests with the Liberal Party.

With regard to the need for this committee to address the wider issue, we agreed unanimously on the four items which would be relevant and important for this committee to address in meeting our mandate. There was no objection raised to the four items. It was agreed we should deal as expeditiously as possible with the allegations about Ms. Caplan and the Wyda-IDEA relationship.

I regret that it has taken this committee as long as it has, but in my experience these investigations tend to take on a life of their own. Not surprisingly, we found a number of avenues we needed to pursue once we began investigating the evidence and interrogating witnesses. There was no attempt by any member of this committee to lengthen the process. On the contrary, the opposite is the case. We sat extra hours and we extended our sessions; on some occasions we sat from nine in the morning until midnight with brief breaks for lunch and supper. I do not think that is an indication of delay on the part of any member of the committee or of any party.

These questions of relevance have already been dealt with. We have set ourselves a task. I can only guess that the Premier's reluctance to provide this information and the support of the Premier by the Liberal members of this committee in this regard is an indication that the Premier does not want us to

answer adequately the questions we set out for ourselves. Perhaps the Liberal members of this committee do not wish us to do that either. I hope that is not the case. I urge members of the committee to reconsider and make it possible for us to proceed.

I will close by saying I regret very much that we have to move in this way. It is an unprecedented move to ask the Speaker to issue a warrant to the Premier's office. I recognize that the Premier readily appeared before the committee. That in itself was a precedent-setting event. The Premier was forthcoming in his responses. That is why I find it surprising that he now has apparently changed his approach and is being supported in what I consider to be stonewalling by some members of this committee. I hope they will reconsider.

11:50

Mr. Pope: I have great respect for the members of the government party on this committee. I do not attribute any of their positions to themselves. I think the person who has to be questioned on this whole matter is the Premier.

The political exercise with respect to conflict of interest is not being played in this committee; it is being played by the Premier. It is being played when you go to Kapuskasing and hint to the media that Mr. Fontaine will be back in cabinet and at the same time say that you are going to await the results of report of the standing committee on the legislative assembly. It is being played when you float to the media that perhaps Mrs. Caplan will be back in cabinet, but you will await the report of the committee.

It is being played when you give the standing committee on public accounts primary authority with respect to this conflict-of-interest matter and then have a proliferation of other reports, committees and studies with the intention of obscuring and confusing the entire issue. It is being played when you have a Premier who tells the press, and therefore the public, that this report clears his ministers and then refuses to disclose the contents of the report.

The political exercise is being played when the Premier says, and has his ministers boast to the media in different parts of the province, that they are squeaky clean, when he undertakes an intensive exercise with respect to the conflict-of-interest matter and then admits to this committee that he did nothing about the administration or enforcement of the conflict-of-interest guidelines. The political exercise is in the hands of the Premier and not in the hands of this committee.

The terms of reference were approved by this committee, not in a division but by all members of the committee. The terms of reference were approved; they included question 4. We have the right, as a committee, to look at any matters or things that might aid us in arriving at some conclusions with respect to question 4. It is our duty to do so. We are anxious to finalize the report. All of us, including the government members, have worked hard for 12 and 14 hours a day, day after day and week after week, to try to come to some conclusions on this matter. All parties have put a lot of effort into it.

The fundamental point that has to be made is that for the first time in the memory of most people we now are going to ask for a Speaker's warrant against the Premier, the same Premier who promised a new style, a new openness and a new accessibility, and for the first time we have to get a Speaker's warrant to get basic information out of him.

It is a sad commentary on his approach and attitude towards the conflict-of-interest matter. He has mismanaged and mishandled it, and now he is attempting to confuse everybody with a proliferation of studies and reports. When you compare the circumstances surrounding such people as Darcy McKeough and George Kerr with what has been happening in this assembly during the past year, it is a sad comparison for this Premier. I hope that as a result of our report he pulls up his socks and starts getting the job done, and instead of posing for pictures takes care of the business of the government of Ontario.

Mr. Polsinelli: On the subject of relevance, on June 16, 1986, on a motion by Mr. Nixon, it was passed by the Legislative Assembly of Ontario "that the matter of the alleged conflict of interest concerning the Honourable Elinor Caplan be referred to the standing committee on public accounts for immediate consideration." That was the direction we were given by the Legislature; that is our mandate.

When that matter was first discussed by the committee, we felt that to investigate this question properly we would have to look at the four points, but let us remember that the bottom-line mandate of this committee is to investigate the alleged conflict of interest of Elinor Caplan.

Even though the majority of this committee has decided the motion is in order, I still fail to see the relevance in the sense that the Premier's letter to us clearly indicates that the Blake, Cassels review does not cover Mr. Fontaine or Ms. Caplan. I consider that motion to be a fishing expedition.

On the subject of the Premier's action with respect to this committee and his support of its work, it should be remembered that, to my knowledge, this is the first time in history that a Premier of the province has had the guts to refer a matter of conflict of interest to a standing committee of the Legislature. Previous Premiers that I can recollect--and Mr. Pope mentioned some situations--weathered the storm in the Legislature until it eventually died down.

Interjection: That is not true.

Mr. Gillies: They had a sense of honour in those days.

Interjections.

Mr. Polsinelli: Where previous Premiers could weather the storm in the Legislature, they did; where the conflict was clear, the ministers took their action. In this situation there were two allegations of a conflict; there were two perceptual problems that were created. Because of those problems, our Premier referred the matter to a standing committee. The Premier has come before this committee, has given evidence and has made available whatever records were available and relevant to this committee.

Mr. Pope has indicated that the Premier mismanaged and mishandled it. I completely reject that. Unequivocally I say he has shown leadership in this regard by referring a very serious matter to a standing committee of the Legislature, knowing full well that his members had a minority position on the committee.

Again on the subject of delay and the subject of expediency of this committee, the matter was referred to us June 16 and for four months, during July, August and September, we have been handling this. I appreciate that the

committee has been working very diligently. We have had many sessions until 11 and 12 o'clock at night listening to witnesses. We have all put in a lot of work. We have turned every stone we could. We have called before the committee every individual we could think of calling. Yet when it comes to writing the report, we have already indicated that the next time this committee can meet is the end of September.

What use is the Blake, Cassels report if it is prepared and sent to us after Mr. Aird has made his recommendations and after we next meet. I do not understand that. Most of my Liberal colleagues on the committee and I see this as a political tactic. It is perhaps another vehicle for members to use to delay the process, and I completely reject it.

Mr. McGuigan: I want to respond to two or three allegations that have been made about the Liberal members not being willing to go along and investigate thoroughly the mandate that was given to us. The evidence of that is the number of meetings we have attended, the length of time we have met and the fact that up to this point we have a unanimous report about to be given, whenever you decide.

Given that background, I do not see how anyone can make allegations that the Liberal members have not lived up to the traditions of the House and their jobs. I resent that. As an individual, I think I have been put in the impossible position of not taking the word of my Premier. Given that time is not involved in this, as my colleague has pointed out, I find it impossible to support a motion that questions the word of our Premier.

Mr. Wildman: On a point of order, Mr. Chairman: This may seem a little frivolous, but I do not mean it that way at all. I resent the suggestion that there is something wrong with a political tactic. We are all politicians and we are in a political process. Why should we apologize for that?

12:00

Mr. Philip: I find it interesting and somewhat offensive, I guess, that the Liberal members of this committee appear to be trying to mislead the public and the media as to what exactly has happened in--

Mr. Epp: Come on, Ed. Let us retract that. What you are saying is unadulterated crap, and you know it. I do not know why you--

Mr. Philip: We know full well, as any member of this committee will have to admit, that the members of this committee have agreed that the report will be dealt with today, that we will try to finish a report today, notwithstanding the fact that there is information which we think will be relevant to that report. It is not members of the New Democratic Party or the Conservative Party who are delaying the report. We have already given that commitment, notwithstanding the fact that the Liberals--

Mr. Epp: Is this a new accord between the Conservatives and the NDP?

Mr. Philip: I listened to you, Herb. I listened to your nonsense. At least shut up long enough to listen to some of the things I am saying.

Mr. Chairman: Let us have some order, please. That was--

Mr. Philip: I do not expect an apology, but at least I expect you not to be rude.

Mr. Chairman: Mr. Philip, if you want to continue, you will pause for one second, please. I think I heard you use the word "mislead."

Mr. Philip: I may have inadvertently.

Mr. Chairman: As chairman, I think it would be appropriate for you to withdraw that word, which some members may find offensive.

Mr. Philip: If you are suggesting I have indicated in some way that they have deliberately lied to the press, I do not believe I said that, and I withdraw it.

Interjection: Thanks, Norm. That is very big of you.

Mr. Chairman: Continue.

Mr. Philip: The bottom line is that the Premier wants to have it both ways. He wants to leak information to the press saying everything is fine and dandy and then say, "I am not going to reveal a report to a committee of the Legislature."

Anyone who knows anything about parliamentary history knows it is not the role of the Premier to decide what is relevant to parliament but it is the role of parliament and its committees to decide what is relevant.

We decided at the time we set up our guidelines, our four points, that it would be absolutely ridiculous and a useless exercise to examine what happened in the case of Ms. Caplan and not make recommendations on how to deal with the issue of conflict of interest. At that time the Liberals joined with us and agreed on the four points.

The Premier now sees fit to decide it is not relevant to us. That issue was decided between Charles I and Parliament a number of years ago. Perhaps the Premier wants to be king, but he is not king in this parliamentary democracy at this time.

There is some indication the Blake, Cassels report contains revelations that refer to a failure on the part of at least two other cabinet ministers. Perhaps what the Premier is really afraid of is that we as a committee will be exercising our responsibility and looking at those two other cabinet ministers; and that may well be the case.

More important, what it will show is that if he has failed in two other cabinet ministers, just as he has failed abominably in his responsibility vis-à-vis Caplan and Fontaine, to ensure that his conflict-of-interest guidelines were being followed, the revelation of two others may be even more damning on him.

What he would like to do is lose the Blake, Cassels report in all the information and all the surroundings that will happen when Mr. Aird reveals his report. If the Premier has nothing to hide, why is he so afraid of this committee? Why is he so afraid of the public? Why is he so afraid of people finding out at this time what is in a report they have paid for?

I suggest to Liberal members of the committee and to the Premier that they stop this kind of atrocious arrogance towards parliament and the public and stop what appears to be nothing but a coverup on the part of the government.

Mr. Chairman: Okay. I guess we have all got it out of our systems. Perhaps I can call the question now, unless there is any further comment. You are all familiar with the motion.

Mr. Wildman: That speech probably won everybody over.

Mr. Gillies: It will be unanimous now.

Motion agreed to.

Mr. Chairman: Rather than get back into an in camera session for 15 minutes, I am going to suggest that we come back a little early--shall we say at 1:45 p.m.--and we will start dealing with the report in camera at that time.

The committee adjourned at 12:06 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ALLEGED CONFLICT OF INTEREST
SAFETY ASSOCIATIONS

MONDAY, SEPTEMBER 29, 1986

Morning Sitting

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gregory, M. E. C. (Mississauga East PC)
Harris, M. D. (Nipissing PC)
Miller, G. I. (Haldimand-Norfolk L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Martel, E. W. (Sudbury East NDP) for Mr. Wildman
Ward, C. C. (Wentworth North L) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Construction Safety Association of Ontario:

Sylvester, L., General Manager
Gaffney, D. A., President; Vice-President, John Gaffney Construction Co. Ltd.
Dickie, D., Assistant General Manager

From the Workers' Compensation Board:

Elgie, Dr. R., Chairman

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, September 29, 1986

The committee met at 10:16 a.m. in room 230.

ALLEGED CONFLICT OF INTEREST

(continued)

Mr. Chairman: There are some problems with providing a press feed. Apparently, we will not be able to complete that until some time this afternoon; so we will proceed. As the first order of business, I have a notice of motion from Mr. Philip.

Mr. Philip: For the sake of the audience and for Mr. Goldhawk, who has just recently joined our press gallery, we should point out that the rules of the committee are that a notice of motion is given one day and then is voted on either at the next meeting or at a meeting set by the chairman in agreement with the mover of the motion.

Since there has been considerable confusion as a result of certain Liberal members' redefinition of "consensus" at the joint press conference in which we delivered a report that all three parties had signed, I propose that the committee vote on my motion, which will confirm the conclusions of the committee and where we stand regarding the Caplan matter.

Mr. Chairman: Mr. Philip moves that:

1. Mr. Caplan's role as an officer of Wyda corporation and, in particular, his involvement in negotiations between Wyda and IDEA, a crown corporation of the province of Ontario, are a clear breach of these guidelines and a conflict of interest;

2. The guidelines apply to Wilf Caplan as the spouse of Elinor Caplan. It was clearly her responsibility as well as that of the Premier (Mr. Peterson) to be certain that she and members of her family acted at all times in compliance with the guidelines. Her assertion of ignorance of her husband's activities is not a defence. It was her responsibility and obligation as a minister of the crown to know. Elinor Caplan was, therefore, in breach of the Premier's own guidelines governing conflict of interest.

3. The Premier is, by his own admission, at fault for failing to enforce the guidelines he had adopted. Despite the changes he inserted in the previous guidelines, it has been clear since 1972 that they apply to spouses. They therefore apply to Elinor and Wilf Caplan, as was clearly known by the Premier, Mrs. Caplan and her husband.

4. It is, therefore, this committee's judgement that Elinor Caplan should not be reappointed to the cabinet before the submission of the Aird report and the launch of a new process to better govern conflicts of interest through legislation.

Mr. Philip: In passing such a motion--and I realize we will be debating the reasons and the contents of it at another date--I trust we will clarify any of the misconceptions that may have been caused by the leaking of the report by certain members of this committee and by statements in which they disassociated themselves from parts of this report.

Mr. Chairman: Thank you, Mr. Philip. I do not believe there is any real desire on the part of the committee to deal with this matter today. If there is, it requires unanimous consent.

Mr. Pope: There is.

Mr. Chairman: There is a desire. I will put it to the committee. Do we have unanimous consent? All right.

Mr. Pope: On a point of privilege, Mr. Chairman: It was my feeling, in trying to achieve the unanimous report of this committee, we did not have to state the obvious or restate the obvious, but when the obvious is perverted, I certainly think our privileges are being abused.

The interpretation being put on the report is not an accurate one. A statement that this committee found there was no conflict of interest is not in accordance with the expressed language of the conflict-of-interest guidelines which makes a minister responsible for the conduct of her spouse.

The interpretation of our findings as a committee that there was no economic benefit is at variance with the unanimous findings in the chronology of events that this committee unanimously adopted, namely, that the spouse of Elinor Caplan received \$2,000 a month in payments going up to \$8,000 a month after the deal closed. There is clearly a breach of the privileges of the members of this committee by the interpretations that have been put on the conclusions of this committee, which are completely at variance with the facts.

Now we have articles being published in some of the Toronto media indicating that this committee did not find that there was any economic benefit at all. We have the very former minister who is being investigated by this committee saying we found no economic benefit when clearly, if you refer to the chronology of events that this committee adopted, it is expressly and clearly stated that her husband was a salaried employee and he got \$2,000 a month for negotiating for government investments.

It is a matter of privilege when the clear conclusions found in the chronology of events are misinterpreted and expressed to the public as being something other than what this committee contemplated. It is a very serious matter and one that perhaps we will debate on Thursday. I also ask for your ruling and the referral to the Legislature as to whether our rights and privileges as members of the Legislative Assembly have been violated by other members of this committee and by a member of the Legislature, namely, the very person we were investigating during the past two months.

Mr. Chairman: Mr. Pope, I am going to take your request under consideration. Is there any additional comment on that question of privilege? Mr. Epp, yours will be the final one.

Mr. Epp: Mr. Chairman, I have difficulty with what is going on this morning. As everyone knows, the report was made public, everyone had an opportunity to comment on it and it was agreed in the committee that people could put on it whatever interpretation they wished. If members of the committee do not like what the media wrote about it, they should not have another kick at the cat just because they do not agree with the media interpretation.

That is like a judge or a jury in a courtroom making a decision, finding out the media did not report it exactly the way they would have liked it reported and then saying: "Let us have another jury; let us have another trial. We will rewrite the verdict to suit the media's interpretation of it." I have real difficulty with the motion and the interpretation given here to the reports made by the press.

Mr. Chairman: Mr. Pope has raised a question of privilege. There was no indication on the part of the members of the committee that they wished to debate this issue today. This is starting to develop into a debate on Mr. Philip's motion. We have witnesses and a number of onlookers to take part in our proceedings today and I do not think it is appropriate for us to carry this any further.

We have set aside Thursday this week, or we can move it up to Wednesday; that is a possibility as well. I would like to see us set a date to deal with the matter this week. We also have some in camera matters related to the Caplan situation, the audits and so on, that we have to deal with this week as well.

Mr. Gillies: Mr. Chairman, I appreciate that you do not want this to turn into a debate. I will be very brief.

Mr. Chairman: I will give you one minute.

Mr. Gillies: I have two points, one speaking to the point of privilege. Despite what my friend Mr. Epp said, the issue is not media interpretation. In my opinion, the issue is one of the most deceitful and dishonourable exercises I have ever seen undertaken in this place in the six years I have been here, which was the way the government members handled the unveiling of the report at the news conference. I believe it breached the privileges of every member of the committee who sat through the summer on the matter of the Caplan affair. We will certainly come back to this when the matter is debated fully.

The other issue arises from the point the chairman made that matters are to be considered in camera. Speaking as an individual member of the committee, when I see the way the Liberal members handled the matter that was before us two weeks ago, when they took understandings we had arrived at unanimously in camera and changed their understanding for public consumption--and that is the kind way I will put it--until I see a different attitude being exercised by the members of the governing party, I am not sure I will ever again consent to matters being considered in camera by the committee.

Until I can be assured that members of the committee will conduct themselves honourably and adhere to agreements and understandings that were arrived at in camera when they are made public, I am not sure I can ever again be a party to denying the public access to the discussions of the committee.

Mr. Chairman, I advise you of this, because I believe it could cause us some very serious problems as we complete our examination of the Caplan matter.

Mr. Wildman: On a procedural matter, I would like to concur that from our point of view we are not prepared to sit in camera, so that we never again run into the kind of situation that has occurred with regard to the publishing of the report. We believe that if it is going to be left simply to media interpretation, as Mr. Epp indicated, the media should have access to the actual deliberations, rather than being able to go only on comments made by members of the committee on a report.

Prior to the debate of the motion on Thursday, I think it would be useful for us to have the clerk provide each member of the committee with both the normal dictionary definition and any legal definitions of the word "consensus," so that we can deal with what a consensus is in an open way and not end up in a situation where we have redefinitions of words, such as the word "sever," as we did throughout our discussions. Having heard the debate of what "sever" means before this committee, it is really astounding to me that we should now have redefinitions of the word "consensus."

Mr. Chairman: If the mover is in agreement with Thursday, we can wrestle with all these questions dealing with the problem on that date.

Mr. Philip: Mr. Chairman, considering our heavy schedule, I am in agreement to schedule the debate of this for 10 o'clock on Thursday morning.

However, on a point of privilege, I want to add that the action of the Liberals came to me as a complete surprise. We had worked very hard from nine o'clock in the morning until 11 and 12 many evenings, while they went to the Office of the Premier and got the okay on one word after another. All of us on all sides gave in a certain amount on the wording. After coming to that consensus, I thought they would at least be honest enough, since they put their names on a report, to stick to that report. To leak it to the press with their own interpretation before--and it was leaked by the Liberals--

Mr. Epp: Mr. Chairman, I take exception to that because that report was leaked in Timmins--

Mr. Pope: It was not. That is a lie.

Mr. Epp: --and it did not come out of here at all.

Mr. Chairman: Order, please. I am not going to allow any further discussion on this.

Mr. Epp: To make accusation of this without being able to substantiate it is completely out of order.

Mr. Chairman: Order, please. This is just a constant deterioration.

Mr. Epp: I ask that he withdraw that.

Interjections.

Mr. Chairman: If we do not have a stoppage to this right now, I am going to adjourn the meeting for 15 minutes.

Interjections.

Mr. Chairman: I am not going to recognize anyone beyond this point. We are going to deal with this question on Thursday.

Mr. Pope: The fact is it was not released in Timmins until two o'clock on that day.

Mr. Wildman: On a point of order, Mr. Chairman: We can avoid any further debates about who leaked what by ensuring that all of the sessions of the committee are public.

Mr. Chairman: That is not a point of order.

Mr. Pope: It was on something completely different. It was a completely different subject.

Interjections.

Mr. Pope: I want my motion brought forward with respect to a mandatory forensic audit. I want it brought back for consideration on Thursday. I deferred it on the consensus of the committee to allow our counsel to attempt on a voluntary basis to get the financial information we required. That is obviously not going to happen, and I want my motion dealt with on Thursday for a mandatory forensic audit for a certain individual.

Mr. Chairman: All right. I will accept that as notice. Mr. Smith, did you have a point of order?

Mr. D. W. Smith: Yes. I was just going to say that you said we were going to deal with this on Thursday. I think we have had enough discussion and we should carry on.

Mr. Chairman: I agree. Thank you very much.

SAFETY ASSOCIATIONS

Mr. Chairman: We will move on to the Construction Safety Association of Ontario, a little milder, we hope, but no guarantees. Will the representatives of the association come forward, please. Thank you, gentlemen, will you identify yourselves for purposes of the record.

CONSTRUCTION SAFETY ASSOCIATION OF ONTARIO

Mr. Sylvester: Yes, Mr. Runciman. I am Len Sylvester, general manager of the Construction Safety Association of Ontario, and I will be acting as spokesman. I would like to introduce the president of the construction safety association to my immediate left, Don Gaffney, who is also vice-president of John Gaffney Construction in Stratford, Ontario. Next to him on my extreme left is Trevor Byrne, president of the Provincial Building and Construction Trades Council of Ontario. On my immediate right is the first vice-president of the construction safety association, Jim Lear, who is also manager of administration for George Wimpey Canada Ltd.

Mr. Chairman: Mr. Sylvester, do you have an opening comment?

Mr. Sylvester: Yes. With your concurrence, since each of the members has received a profile of the association, rather than take you through that word by word, I want at your pleasure to highlight only elements of it and then to invite questions. Is that appropriate?

Mr. Chairman: That will be fine. Proceed.

10:30

Mr. Sylvester: Does everyone have a copy? The clerk has additional copies if they are required.

If we can turn to the first page, it is important to have an understanding of the construction industry. The chart on the first page identifies the construction industry in Ontario as being made up of a great number of small contractors. That is an important point to appreciate.

Turning to the second paragraph of page 2, the failure rate of construction companies is high. Of 34,000 firms active in construction in 1984, only about 79 per cent of them, 27,000, were actively in business for more than a year. On average, about 40 per cent of construction companies fail within three years of startup. Further, about half of our industry is unionized and half is nonunionized. Towards the bottom of the page, of the 27,000 firms that were in business for more than one year in 1984 about 5,000 had accident records that were worse than average. This is the group we refer to as our priority group.

On pages 3 and 4 we give you a bit of an outline of the kinds of services rendered to our industry: the counselling of management and labour through our advisory group; the research we undertake; the statistical services provided; the training, which involves about 40,000 people a year going through our training programs; quite an elaborate involvement with labour; our communications efforts and the number of publications we provide--I think we gave you a copy of our catalogue--our liaison with government; and accident prevention awards.

On page 5 we have an undertaking of the funding and budgets of our association. The only point I would like to make here is that, using 1975 as the base year and looking at 1985, the 1985 purchasing power was in fact \$550,000 less than that provided in 1975. In 1986 it is \$153,000 less than the purchasing power of 1975. The point is that we have not kept pace with inflation.

The significant comment we would like to make on page 6 is performance. There are two methods of measuring performance: fatality rate and injury rate. In the period 1966-85 the fatality rate went down from a rate of 48 deaths per 100,000 to 19 per 100,000. The injury rate also declined in that period from 66 lost-time injuries per one million man-hours worked to 47.2 in 1982. I hasten to add on page 7 that in 1983 the injury rate remained constant, but in 1984 and 1985, and indeed in 1986, it has risen.

We would like to add a corollary to that: our concern for the method of reporting man-hours. The man-hours derived for computing frequency rates are taken from assessments paid to the Workers' Compensation Board of Ontario. Until 1982 the parallels between man-hours derived and all other measurement systems were in parallel, but from 1982 on there was a variance. We point out that Statistics Canada identified 270,000 construction workers in Ontario in 1985. The Workers' Compensation Board man-hour data suggest there were

140,000. We know there are 70,000 house starts in Ontario and about one man-year involved in the construction of a home. If this were true, then about half of the work force in Ontario would be in the home building industry, and that is not correct.

The bottom line here, and the point we are trying to make, is that there appears to be a disparity between man-hour reportings and assessments paid. It is an area that both the WCB and the construction safety association are very concerned about. We are concerned because it gives a disproportionate view of our frequency rate. In fact, if the error were only 12 per cent, our frequency rate would be improving, not worsening. The WCB is very concerned because of lost revenue, and together we are working on that problem, a very sticky one indeed.

On page 8 we have an outline of our priority approach, and if you look at the bottom right-hand corner you will find that of the 464 firms selected in 1985 for priority treatment, there was a 34.7 per cent improvement in their frequency as a result of direct and intensive involvement of our people and their services--certainly a credit to the educational efforts that were put into that.

On page 9, the most significant undertaking of the construction safety association was the formation of the Provincial Labour-Management Safety Committee back in 1968. At a time when the two sides were traditional adversaries we brought them together with the understanding that job safety would have to come from within the industry and involve all affected parties. Consequently, over the years all our training programs and material bear the imprimatur of both labour and management.

For example, the first paragraph that appears in our manuals, booklets, etc., reads, "This manual has been reviewed and endorsed by the provincial and regional labour-management health and safety committees and it is fully a document of accord between labour and management authorities."

That is the point we are trying to make: All our materials, including films, television messages, booklets and training programs, have the involvement of both labour and management in their development and in their delivery.

Also of great significance is the point made in the second paragraph on page 10, regarding the reviewing of amendments to the occupational health and safety regulations. By working together, labour and management, we have been able to present briefs to the Ministry of Labour. You will note that in 1969, 73 per cent of our recommendations were accepted and implemented; 75 per cent in 1973; 67 per cent in 1979, and there is a current brief, jointly endorsed by labour and management, being presented to the ministry for consideration in its current revisions.

On page 11 we give you some indication of the training that is ongoing through the labour unions, and you will see we have a heavy involvement there. Indeed, we have quite a number of instructors trained, both in the community colleges and in the apprenticeship training programs, as well as through union auspices, to deliver our programs. They have added to our training resource and are doing a commendable job.

On page 12, I would like to touch very briefly on the research we have undertaken. We are rather unique in that area. We do a considerable amount of research in the construction industry. One area I would like to focus on as an

example is slip-resistant work-boot soles. A few years ago, the ironworkers in this province brought to our attention the danger of working on steel that had been epoxy-coated; it is very slippery. Moreover, there are other areas in construction where workmen are walking on very slippery surfaces.

For this reason, we felt some research was needed to develop a slip-resistant work boot. We undertook to do that research, and as a consequence we have developed a work boot that has proven to be a tremendous step forward in this problem of slip resistance. It is so successful that a number of boot manufacturers have become very interested and it is likely that we will recover all of our research costs. This is a sample of the boot; it has a very unique sole. You can pass that along for the members to see.

We feel this kind of research not only will benefit Ontario's construction workers who are exposed to that kind of slip situation but also will encourage manufacturers to develop such a boot. In fact, we will recover our research costs.

On page 13 we make reference to the 40,000 workers we train annually and point out that we are only reaching perhaps one quarter of the work force, despite that heavy training program.

10:40

I would like to spend a little time talking about our television advertising, because I think that is an area of interest to a number of the members. On pages 13 and 14 we outline the criteria and method by which we select subjects. We look for statistical significance. We look for fatality situations. We look for political situations as well such as the legislation on refusal to work. We have used that kind of information in our television messages.

Once the priority is established statistically and otherwise, we form committees, usually committees that are pertinent to the subject matter, and we go through a review process with labour and management to develop the message and ultimately to film it and review it before it is finalized and put on the air.

I would also like to mention that our television messages have won a number of awards. They have an extremely high awareness level. We have done a number of surveys. As to awareness level, in excess of 90 per cent of the viewers who were questioned were able to recall. We know the awareness level is very high and we are very pleased as a consequence. You will also note that these television messages are only motivators; they are the first step towards an education program, and we feel they have had a degree of synergy that has been very well received.

The other point I want to make is that the Labourers' International Union of North America and the American General Contractors Association were so very impressed with our television messages that they bought the rights to use them in a composite format for an awareness training film that is used with labourers throughout the United States. We recovered approximately \$50,000 for that effort.

On page 15, you will find statements on our travel and expense account policy. The significant point is that we have had a long-standing policy of not paying the travel expenses of spouses of staff or directors in any circumstances. The policy covers in-province as well as out-of-province travel.

You have our association memberships there, and we will be prepared to answer any questions in that regard.

The office facilities are covered on page 16. We have been in the same location for 22 years; we renewed our lease there in 1984, and the cost per square foot is \$16.25. At that time, we also got an \$80,000 leasehold improvement clause that we have used to our advantage.

On page 17, we point out that 44 of our staff members maintain offices in their own residences. The cost to the association is limited to phone bills and office supplies. That is a very convenient way of operating and a very cost-beneficial way as well.

Before I leave the document, I want to look at the addendum and point out some of the highlights that are significant. It is nice to have someone else say nice things about you, and Dr. Earl Heath made the point that rarely has he "seen as good a research base for the development of programs of instruction as is available to, and used by the staff of the Construction Safety Association of Ontario." He lauded us very highly.

In April 1986, our bylaws were amended. We now have provision for labour to sit on our board of directors, and that is proceeding through to finalization. We will have the president, the secretary-treasurer and the 11 vice-presidents of the Provincial Building and Construction Trades Council of Ontario as members of our board of directors.

Another very successful enterprise on the part of our association is the development of three training manuals, the Mobile Crane Manual, the Crane Handbook and the Rigging Manual, which were written by our assistant general manager, Don Dickie, who is here with us today. These books have returned to us more than \$1.5 million in royalties. Don gets nothing for that. They have all gone towards reducing our budget.

The training is extremely significant and we have labour and management working together, not only in the development of programs but also in their delivery and in critiques from time to time to improve them.

Gentlemen, I do not want to leave the impression that we are happy with our record. We are not. We are committed to improving it. We feel a great deal of synergy is involved in improving a record. It involves the labour and management groups in our industry. It involves the parliamentarians who are keen and interested in occupational health and safety and who support us with their legislation. There is a synergy here. The Ministry of Labour helps us.

I should mention that Dmytro Pizak, who is the director of the construction, health and safety branch, sits on our provincial committee together with our labour and management representatives. The regional Ministry of Labour managers also sit regionally with our committees. We have involvement there, and we are working synergistically to try to improve the record.

That is our statement; we welcome your questions.

Mr. Chairman: Thank you. Do members of the committee have questions or comments?

Mr. Martel: I have some difficulties. When I read the report last week, I thought it was nirvana we were in. Unfortunately, that ain't the case.

What bothered me about the presentation more than anything else is the way the presentation was made (a) with respect to research and (b) with respect to accidents and the number of accidents.

One would have difficulty following the logic in the way your accidents are presented. It is very carefully worded. It talks about accidents, your worst year, your best year, then no accidents, then a five per cent increase, then a seven per cent increase; there is no bottom line, is there? The way you do it, one is left way out in the dark about the actual numbers of accidents or even lost time in hours. I would not suggest for a moment that was deliberate, but I find it a rather strange way of trying to fudge what the actual statistics are.

I do not think any of my colleagues here know what the bottom line is on your accident record. On page 6, it says, "The injury frequency rate in the construction industry stood at 66.7 lost-time injuries per million man-hours worked. In 1982, the rate stood at 47.2 lost-time injuries per million man-hours worked, an improvement of almost 30 per cent." Whoop-de-do!

On the next page it says, "In 1983 the injury rate remained constant with 1982; in 1984 it climbed 4.6 and in 1985 it climbed another 7.7 per cent." In the first six months of 1986, I believe the accident rate is up about 16 per cent from last year, according to the Ministry of Labour. No one knows what that means. Maybe people who are smarter than I am do. However, that is fudging at its finest, because what is the bottom line there?

When I look at the Ministry of Labour's figures, which I happen to have, if you want to make comparisons that are really stark, the draft report for this year indicates that for 1984-85 the nonfatal accidents reported were 8,663 and for 1985-86 they were 15,424, which is a 78 per cent increase.

Mr. Sylvester: Is that for the same time period?

Mr. Martel: No. Yours dabbles with 1966. You jump to 1982, which is a low year. Then you say 1983 remains constant. In 1984 it climbs by 4.6 per cent, in 1985 by 7.7 per cent, and the first six months of 1986 are not reported.

I make the point that when I look at the Ministry of Labour's figures, they show an increase in 12 months, and you can diddle around with the figures all anyone wants. You have put it in hours and employees. They say straight accidents went from 8,666 to 15,424. When I look at those figures from the Ministry of Labour's report and I look at your figures, I say: 'Wait a minute. Somebody is trying to con me here into thinking we have a situation that is just wonderful.'

Why would you have added on zero in 1983, so many per cent in 1984, so many per cent in 1985, and not have a bottom line as to what the actual is? Even using your own method, why would you have diddled it away that way? The second somebody writes something such as that, I am from Missouri.

10:50

Mr. Sylvester: May I answer, Mr. Chairman?

Mr. Chairman: Please do.

Mr. Sylvester: The most important consideration in looking at statistics is to understand that they must be related to exposure. The way I have explained it, because I have had this question asked many times by the press, was that it would not surprise you if the number of people killed on the highways in the United States is much higher than it is in Ontario. That is because the exposure to risk is much higher the more people there are involved.

What we are saying is that in Ontario's construction industry, with the number of people involved increasing, the exposure to risk has increased and therefore the ratio is the only thing you can do to measure properly. You have to measure the number of lost-time injuries per million man-hours worked and not the increase in the injuries only. You have to relate it to exposure. That is what we are trying to do.

Mr. Martel: Sure, but the point I am trying to drive home is that you did not take a year and then come back and show what it has risen. You took your top year, your bottom year and then played around with percentages. Why did you not simply tell us that this is the bottom line as of today? There is no way anyone looking at that would get that figure because what does it mean? You deal in terms of numbers and then you jump to percentages and you even leave the last six months out of this year. You must have those figures because you were able to put together your actuarial material for the first six months of this year on your expenditure. I am sure you could have done the same thing with accidents, because I think you indicate in your report it is all in a data bank in the computer.

Mr. Sylvester: Right.

Mr. Martel: You could have put that in as well. I just find it offensive that it would be fudged in that fashion.

Mr. Sylvester: I do not think there was any attempt to fudge anything. We have a problem in man-hour reporting, which I made in the original statement. We have already said the number of lost-time injuries is up, but unless you relate them to the man-hours of exposure, you do not have a frequency rate.

Mr. Martel: Obviously, I am not getting my point across though. If you had done that as you did in the first instance, the rate was 66.7 lost-time injuries per million man-hours. Without trying to calculate, tell me what 4.6 per cent means.

Mr. Sylvester: A 4.6 per cent increase in the number of lost-time injuries--

Mr. Martel: What is the bottom line?

Mr. Sylvester: You would have to relate it to frequency and--

Mr. Martel: And it ain't in here, is it?

Mr. Sylvester: No, it is not.

Mr. Martel: No, it is not. That is the point I am trying to make.

Mr. Sylvester: I do have a chart, though, which relates that information and it is in adjusted figures because of the man-hour inaccuracies. We do see a moderate increase in the frequency rate, but it is a moderate increase.

Mr. Martel: Then I look at the Ministry of Labour's figures. You tell me it is a moderate increase. You tell me how you go from reporting the 1984-85 accident rate with the 1985-86. It is going to be the Ministry of Labour's 1985-86 annual report entitled Inspection and Fatality Data: The Construction Health and Safety Branch; 1984-85 nonfatal accidents reported, 8,663.

Mr. Sylvester: That is not correct.

Mr. Martel: Then you are telling me the Ministry of Labour is all wrong. They are here.

Mr. Sylvester: I am telling you that these figures are the figures given to us by the Workers' Compensation Board on lost-time injuries reported. The 1984 total lost-time injuries were 13,039. The 1985 figures to date, because they have to be adjusted from time to time, are 14,911. This is from the WCB actuarial services report.

Mr. Martel: I am going by the Ministry of Labour. Is that such a swamp down there that we cannot get anything proper from the Ministry of Labour?

Mr. Sylvester: I have the figures here, Mr. Martel, and you are welcome to them.

Mr. Martel: I have the Ministry of Labour's draft report before me as well.

Mr. Sylvester: Are you sure they are for construction only?

Mr. Martel: I also have the others as well for the industrial accident section and the mining section.

Mr. Sylvester: We can assure you, Mr. Martel and gentlemen, that the total lost-time injuries reported in 1984 were 13,039 and in 1985, 14,911 for Ontario's construction industry--the 11 rate groups reporting.

Mr. Martel: I am telling you what I have before me. I have both yours and the ministry's and also those from Statistics Canada. I was speaking to the Ministry of Labour just about a week and a half ago. They indicate that for the first six months of this year it is also skyrocketing. It continues to skyrocket. It is up 16 per cent in the first six months of this year. I think that is the figure that was given to me.

Mr. Sylvester: I am aware of that. We are also aware that the construction volume is up 17 per cent. How you relate that to man-hours of exposure is the point.

Mr. Martel: We are going to come to that before the day is over, I suspect, because I have the funny feeling, not only with respect to construction safety--

But my bottom line is that you cannot have it both ways. You cannot be for reducing benefits and costs by the Workers' Compensation Board and be totally hostile towards occupational health and safety. While some companies are moving to introduce occupational health and safety in this province, there are a hell of a lot that are not. That is where the battle has to lie.

Let me ask you another question. Do you know a gentleman by the name of Alex Jenkins? He writes in "Perspective" in the magazine Heavy Construction News, Toronto, Ontario, May 19, 1986.

Mr. Sylvester: Yes.

Mr. Martel: You know him, do you?

Mr. Sylvester: Yes.

Mr. Martel: Do you believe what he says in his article? He is being very magnanimous. He writes, "Generously, but under pressure, the Construction Safety Association of Ontario has voted to admit labour representatives to its 100-member board of directors."

When I read that sentence, it says to me, "By golly, it has taken industry"--your association has been in existence since 1929 or something like that. That is quite a few years. Up until this point in history, there has not been a member from labour on your board of directors.

Mr. Sylvester: No.

Mr. Martel: Then he goes on to say, "It is a generous move in the sense that funding for the association is provided totally by the province's construction employers."

Can you tell me Mr. Jenkins's background? Do you know him well?

Mr. Sylvester: Not very well.

Mr. Martel: Where does he come from? What does he do? Is he just a reporter, or what?

Mr. Sylvester: He is a writer, as far as I know.

Mr. Martel: A writer. Do you agree with that statement?

Mr. Sylvester: No.

Mr. Martel: No one corrected it, though. He leaves the impression that the construction association is paying for all of this, and you do not agree with him. I am glad to hear that. I am glad to hear that after 55 or 60 years we are finally going to get someone from labour on there, but you are getting what percentage?

Mr. Sylvester: Fifteen per cent.

Mr. Martel: That is 15 people on a 100-man board.

Mr. Sylvester: Yes, but I should qualify that.

Mr. Martel: Health and safety is a 50:50 proposition, is it not?

Mr. Sylvester: May I qualify it, Mr. Chairman?

Mr. Martel: Sure.

Mr. Sylvester: About two years ago, the Provincial Building and Construction Trades Council of Ontario approached us and asked for representation on our board of directors. The representation they asked for was their president, their secretary-treasurer and 11 vice-presidents. That is what has actually happened.

Mr. Martel: If they were to ask for 50 per cent, then I presume they would get it.

Mr. Sylvester: They have not asked for that.

Mr. Martel: That is not what I am asking you. They have not asked for it because labour has not been aggressive enough in demanding of these associations.

I have an axe to grind. I am sure you are aware of it; you have read some of my comments over the years. I am going to start my line of questioning afterwards on that theme.

Why would the construction association get \$8 million plus? I notice that in two or three places in your prepared statement you indicate that you do not have enough funding to do the job. All of the safety associations get \$31 million. You have 150,000 or 160,000 employees. There is an argument about whether it is more or less, but it is in that neighbourhood. You get \$31 million, all of the accident prevention associations, with, up to this time in history, virtually no involvement. We are going to go over the other stuff very carefully.

Mr. Sylvester: That is not true as far as we are concerned.

Mr. Martel: You get \$8.8 million and the associations get \$31 million. The Ontario Federation of Labour represents 800,000 people at least and it gets a total of \$1.7 million. Do you think it is fair that labour, with masses more people to reach and educate, should get a lousy \$1.7 million? Your association got \$8 million this year and all of the safety associations get more than \$31 million. Do you think that is fair?

11:00

Mr. Sylvester: I would like to answer that if I may.

Mr. Martel: Go ahead.

Mr. Sylvester: Number one, we are dealing with the construction industry and the unions that are involved with construction. Our whole approach is that this is a labour-management enterprise. It is not an adversarial enterprise; it is a labour-management enterprise. We want to foster that kind of advantage of working together with labour. Our association is a labour-management organization. I cannot speak for the other organizations.

Mr. Martel: I am glad to hear you say that. If one follows that through logically, then they should be entitled to 50 per cent of everything, you would agree?

Mr. Sylvester: I am sorry, I do not understand.

Mr. Martel: For example, 50 per cent of the input.

Mr. Sylvester: It is likely they get more than that.

Mr. Martel: I do not think they do. Quite frankly, I do not believe it and I will tell you why. You complain in your reports that you do not have enough staff to do the job. Do you think they have? You are taking the busiest people in those unions, the presidents whose funding for research and so on is vastly more limited than yours.

I guess I am the one who has complained the most bitterly about the ads because I find them offensive. I will come back to them too. My understanding is that your staff prepares the material and then a meeting is called and it is approved. How much input is there in preparing the material that is eventually laid before everyone to agree? How much input does labour have in preparing that material?

Mr. Sylvester: They are involved in the committees, in the development of films from inception. They are also in television messages. As far as the manuals are concerned, the leg work is done by staff people. That is a logical approach.

Mr. Martel: No. Do you know where the staff people come from?

Mr. Sylvester: Fifty per cent of our teachers are union card carriers, if you want to know where they come from.

Mr. Martel: No, the preparation of the material is done basically by your staff, is it not?

Mr. Sylvester: Most of it.

Mr. Martel: That is right. That is the point I am trying to make. If you follow the logic, 50 per cent of it should come from people who work for the Ontario Federation of Labour or for the unions in the construction trade.

Mr. Sylvester: Mr. Martel, they have the right and the opportunity to review, critique, enhance, incorporate, change, which they have done, by the way.

Mr. Martel: I am sorry, I am not going to buy that.

Mr. Sylvester: That is a fact.

Mr. Martel: They get together after the material is prepared, by and large.

Mr. Sylvester: No.

Mr. Martel: I met with some of them just last week and the week before. By and large, they approve what has been prepared by your professional staff. They might change or diddle around with some of the edges, but most of the--

Mr. Sylvester: What is wrong with that?

Mr. Martel: What is wrong with that? You put your finger right on the point I made when I started. Management still wants to control totally. The tokenism of preparing 15 per cent of the material has to end, because if health and safety is a 50:50 proposition, then working people are entitled every inch of the way to their 50 per cent of the input. That is the difference. You cannot palm it off on workers. They have to be involved in drafting the programs.

Mr. Sylvester: They are.

Mr. Martel: I disagree. The people I have talked to from the construction trades tell me exactly the same thing, that I am right. You said it yourself today. You said your staff prepares it. 'Who else?' I am saying that is wrong. I am saying labour has to have staff to help to develop the program right from the outset. If that funding is from the province, then labour should be involved 50 per cent of the time, not at will or at pleasure.

Mr. Sylvester: I think they should be involved 100 per cent of the time.

Mr. Martel: I mean 50 per cent of the input. As it stands, it is all prepared by professional staff hired by the construction association, and it is wrong. The input should be right from the beginning. That is why I continue to argue that labour should get \$31 million from the Workers' Compensation Board just as the construction association and various other associations get. Why should they get \$1.7 million and your safety associations get \$31 million? It is not fair.

Mr. Sylvester: That is not part of our argument. Our association is for the provincial building trades council and the construction labour group, and they choose to be part of our enterprise, not to be divorced from it.

Mr. Martel: Then you will agree that they should be entitled to \$8 million.

Mr. Sylvester: Yes, as part of the total enterprise.

Mr. Martel: The unions involved in construction safety should get the same amount of money as you receive.

Mr. Sylvester: It is their association as much as it is management's.

Mr. Martel: We will come to that in a little while, but I want to tell you that there is nobody out there who works on construction sites who believes that for a moment.

Mr. Sylvester: I disagree with you.

Mr. Martel: You might disagree with me, but I too know some people in those fields and they do not feel they have much input. In fact, I will give you some of the cases after a while to show you what happens to people who are involved in health and safety and how they lose their jobs. Obviously, we have a difference of opinion, but I think I have made the point I wanted to make. In the construction field, labour needs the same amount of money you get and labour needs input every inch of the way. We differ on that. You say professional staff can prepare it, and I am saying no, because you hire the professional staff.

Mr. Sylvester: Whom do we hire them from?

Mr. Martel: I do not care where you hire them.

Mr. Sylvester: They come from labour and they come from management, so that is what is there.

Mr. Martel: Let me tell you something, my friend. In this business--I do not care who we are--we all have our biases. When I hire somebody, I hope and I firmly believe he sides with me. That is the same anywhere else. It is the same as the mining safety thing. You hire a lot of ex-engineers. They work for the Ministry of Labour. Unfortunately, they are suspect. Many of them are ex-Inco bosses. You put them in Sudbury to be involved in health and safety. Do you really think they are more sympathetic to the workers or do you think they are more biased towards management's position? Human nature being what it is makes me look a little more carefully at whether it is my friend or the other guy's friend. If you do not believe that, then--

Mr. Sylvester: As far as our association is concerned, I believe we have an excellent representation from organized labour. They are on our training staff; they have involvement. You are talking about the honesty or dishonesty of people now.

Mr. Martel: No, I did not say that. I am saying my biases are such that I have more empathy for the group I have worked with even though I attempt to be fair. If you do not believe that to be the case, then you will be the only one in this room who does not believe that.

Mr. Sylvester: We have excellent representation from the construction industry and they are not the kind of biased people you are describing.

Mr. Martel: You must have the only group.

I admit readily that my sympathies are to the friends I have in everyday life. Those are the people in the trade union movement. I admit that. I do not say I have any great relish for people who might come from the industrial sector, if I were going to choose. I chose my friends a long time ago. If you do not accept that, then there is something wrong. We differ again.

I have made the point that you people get \$8.8 million or \$8 million, whatever it is, and that all the trade unions get \$1.7 million. That is really a disgrace. They cannot educate their membership either with \$1.7 million.

How many do you train a year?

Mr. Sylvester: Forty thousand.

Mr. Martel: I understand you have a mobile that goes on the job site?

Mr. Sylvester: Yes.

Mr. Martel: When does it come on the job site?

Mr. Sylvester: A variety of times. It could come on in the early morning, in the afternoon or even in the evenings.

Mr. Martel: Who must request it?

Mr. Sylvester: It is usually done through the contractors requesting the service. It is in great demand, by the way.

Mr. Martel: I understand that. My understanding as well is that unless the contractor asks for it, you people do not send it in. For example, if people in the union asked to have it sent in--

Mr. Sylvester: That is not true.

Mr. Martel: I had a lunch just last week with a couple of the people whose pictures are portrayed in your book.

11:10

Mr. Sylvester: Our services are provided equitably to union and management, and if any union wants the mobile, it has it; in fact, we have provided that kind of service.

Mr. Martel: I spoke to some of the people in the field last week, and my understanding is that unless the contractor asks for it, it does not come in.

Mr. Sylvester: That is an understandable situation, though. If you go on to a construction site, you have to have clearances to get on. For example, we have had the Labourers' International Union use our mobile for training sites.

Mr. Martel: You are agreeing with what I have just said.

Mr. Sylvester: Unions can request it as well. There is no problem there. I do not see your point.

Mr. Martel: I am saying it does not come in. You have just said, "You have to get clearance and you have to do all these things." In fact, what is happening is it comes in on site if management asks for it, as opposed to the union asking for it.

Mr. Sylvester: On a specific site, yes, I guess you are right.

Mr. Martel: That is the only point I make. I am talking about the balance that is in the system. You have told me how--

Mr. Sylvester: But how else would you get on site if it were not the people in charge inviting you?

Mr. Martel: Let us say it came to a showdown; if the workers wanted to see a certain thing and management decided no, the answer is no.

Mr. Sylvester: You are speaking from an adversarial standpoint, and that is not our position. We speak from a co-operative standpoint. We work with unions and management together.

Mr. Martel: I am going to come to some cases in a little while about whether or not it is adversarial out there. I want to tell you, I hope you are right, except that to the average working Joe who works in the work place, the Occupational Health and Safety Act at this time in history is totally adversarial. That is one of the problems.

It is one of the problems I had hoped the various health and safety associations could have convinced their memberships about a long time ago, that it should not be adversarial and that the only way industry is going to save money in the long run is if it reduces its accidents. There is no other way, because while people say, "We have to cut the unfunded liability of the Workers' Compensation Board," the only way we are going to reduce it is by reducing sickness and accidents.

There is too much of an adversarial approach out there, and I am going to show you some of the adversarial approaches that are out there today. Maybe you do not recognize them, or maybe your association does not believe they are there, but I want to tell you, they are there, and in large numbers, not only in construction but also in industry and in the mining sector.

My friend writes me a note. He says you have some bad actors--you said that yourself--about 5,000 companies. Under the present system, the worst contractors, who are the offending companies, the ones with the high accident rates, do you think they would ask for the mobile unit?

Mr. Sylvester: Not likely.

Mr. Martel: If one of the unions in there asks for it, do you think it would go in? It cannot. That is what worries me.

Mr. Philip: Talking to the converted.

Mr. Martel: Yes. Those companies that have the good sense to practise health and safety get their assessments reduced. Those who have bad records, their assessments go up. They do not want to improve their acts; they just want the assessments cut by the board. I have heard all the arguments over the years.

Let us turn to your ads; they always intrigue me. Let me give you a story of what happened to me when I was doing my last tour of the province. I went to the Public Service Alliance of Canada building in Ottawa, which is a union building. As I went to go through the door, over my head was a crane. It was lifting stuff up and down. There was nothing for me to walk under to protect my dome if something fell.

I walked in, and the union people and people making presentations asked me, "Did you see that outside?" I said: "I certainly did. It made me feel comfortable to walk under a crane lifting stuff." They said, "You know, that goes on in Ottawa all the time. We can never get the Ministry of Labour to enforce its own act and stop that sort of thing. Over and over again, we have tried. You are here this morning, and we will make a call." In 30 minutes the job was shut down. Four hours later, the barriers were up, and I could walk safely underneath. That is what I find offensive about your ads. That was a management decision, and none of your ads indicates that maybe management has ordered some of the practices that go on.

I find it offensive that workers are always stupid and that workers are the ones responsible for all the problems. I would not mind if it were balanced, showing there are bad practices out there; but all the bad practices are done by working people. Quite frankly, I do not think working people are as stupid as you want to imply. That is what I find offensive.

There was the one ad you had a number of years ago showing a wall you built in the middle of the field. You put the wall up, you built it, so you could watch it fall down because some stupid worker went up a ladder improperly. You did that, did you not?

Mr. Sylvester: You are not interpreting the thing properly.

Mr. Martel: You built the wall. Let us admit you built the wall first.

Mr. Sylvester: Yes.

Mr. Martel: You built the wall and then you put a ladder up against it. Is that right?

Mr. Sylvester: No.

Mr. Martel: What did you put up against it?

Mr. Sylvester: Nothing.

Mr. Martel: What did you do then?

Mr. Sylvester: The wind blew the wall over. There was nothing against the wall at all.

Mr. Martel: You built it. There are not enough walls in Toronto and not enough construction sites. You have to build a wall in the middle of a vacant field.

Mr. Sylvester: There is no ladder against the wall. We have the television messages here with us if you want to view them.

Mr. Martel: I have seen some of the messages. I saw the messages on the fellow dying of asbestosis, which I found the most offensive ad I have seen in my life. The most offensive ad I have ever seen in my life was about people who were dying of cancer, and some association was saying, "If he had only known." If somebody had only told him.

I can give you a couple of examples. The courthouse in London is being remodelled right now. Construction people are in there, and it is full of asbestos. What precautions were taken? The Ministry of Labour report in 1980 stated that building was full of asbestos. What precautions are being taken so you do not have a repeat of the ad, "If they had only known," to make sure the workers and the people in that building know it is unsafe? What is being done in that respect?

Mr. Sylvester: The legislation is in place which requires protection to be provided, and it is a control by procedure. It is laid down very specifically for these types of exposures. The enforcement of that is a function of the Ministry of Labour.

Mr. Martel: The Ministry of Labour says it is not the policeman. Under the Occupational Health and Safety Act and the internal responsibilities system, that is your responsibility. It is not mine and not the Ministry of Labour's. They only become the policemen, and they do not want to be the policemen.

You cannot shrug off your responsibility. We started out with you saying this was a co-operative effort. But members of your own association are out there doing what are known as contraventions. We could try Perley Hospital, if you want, in Ottawa; they went in and started to change all the telephones over, knowing the walls and the ceilings were full of asbestos. The Ministry of Labour refused to write an order because the regulation was not coming down

for 12 more days. The Ministry of Labour said: "We cannot. The regs are not in place." They could have used clause 14(2)(g), which says if you do not think it is safe, write an order and say it is unsafe. The ministry would not. It said, "No, there are no regulations."

11:20

With all these shenanigans, who is working? Then you run an ad and say, "If that stupid worker had only known, he would not have worked in asbestos."

Everybody knows there is asbestos at the courthouse in London. By the way, a young woman was fired because she refused to work in the conditions. I have not had an answer from the Minister of Labour (Mr. Wrye). You cannot get answers out of the swamp about whether she will get her job back because she refused to work. Perley Hospital is the same. I can go on and on.

You run ads that imply it is the fault of the stupid worker. Why do you not run an ad that shows a company coming in, as in the case of the Public Service Alliance of Canada building when I was in Ottawa, and elevating stuff on a crane over my head? I am sure the workers did not make the decision not to cover it in on their own. Right?

Mr. Sylvester: Management decision.

Mr. Martel: Management decision. Why do you not show in the odd ad that management is responsible for some of it? Let us make it balanced.

Mr. Sylvester: We have and we do.

Mr. Martel: Before the day is over, maybe you could show me the ads that point out management is making decisions that lead to accidents.

Mr. Sylvester: We can show you our television messages. Our audio-visual department has the facility and has brought the tapes to show the members, if that is their pleasure. In fact, I think there would be some advantage because, if you listen to the words, particularly in the asbestos message, you will find it is directed to the industry, both labour and management. You will find words in another message that make reference to refusal to work, again jointly endorsed by labour and management.

Mr. Martel: We will come back to that.

As you develop the whole theme, there is not very much from labour and management until it is finally laid out before us. That is what I object to, that it is not right from the beginning, not that it is not management and labour.

A lot of people in the field who are not presidents of a union or presidents of a company have a hell of a lot of good experience that would reduce accidents. If you want to get them involved in health and safety, you have to involve them right from the beginning, not after it is pawned off on them; they will resent it.

Mr. Sylvester: It is not pawned off on them.

Mr. Martel: I am telling you what they feel, from my experience. In a little while, I will tell you the case of Ralph Marion and a few other people.

Even you admit you have stuff on asbestos that says it is management-oriented, but your message is never so clear as it is that the worker could be stupid. That is what I find offensive about your ads, that the worker is stupid. He gets run over by a truck. He climbs a ladder improperly. We could have an all-day discussion on climbing ladders properly and we could talk about the ironworkers, who just had a big case that Tim Armstrong had to get involved in to resolve. They tell me these guys climb--

Mr. Sylvester: Up the rebar.

Mr. Martel: Yes, with bars that are 36 feet long on their arms, with a safety catch they have to hook up. Then you show me an ad of a couple of guys on a scaffold--not a scaffold, I want to be clear--on a couple of stepladders. I guess they are sheet metal workers taking up something.

Why do you not show something about these poor ironworkers climbing and the big hassle with Ontario Hydro that involved Bob Mackenzie, Elie Martel, John Donaldson and the whole raft to get resolved? There was a contravention of the agreement you people had reached. They were 60, 80 or 100 feet up or some silly thing and it was going to arbitration. There was an agreement between the Construction Safety Association of Ontario and the ironworkers, and the whole job was almost shut down. What control do you have?

We could have an ad about the dumb workers climbing up the side of a building to get iron rods. Quite frankly, I do not know how they do it. I could not do it in a 100 years if I tried. It is so complex. I guess they have to be as strong as horses.

When a company refuses to put the scaffolding in, as in--I am sure you are aware of that case--you wonder why I look at your book and get hostile. I am sorry: I get hostile because I have been in this zoo 19 years trying to get health and safety to where it is meaningful. I see us meeting with the then deputy minister and a whole group of people just two months ago, yet workers are climbing the side of a building with these rods, three of them abreast. These fellows are all different sizes themselves; some are six feet tall and some are five feet eight inches tall. They are trying to balance these bloody rods as they go up, and they are trying to hook on a belt with one hand. The only ads I see are ads about the dumb worker who fell under the wheel of a truck, and I find them offensive.

I have never taken the side--to be frank, I know there are automatic fines in the construction safety association for people not wearing their helmets, glasses or boots. It is automatic. Is there anything automatic such as this that happens to management? Are there automatic fines?

Mr. Sylvester: Automatic fines?

Mr. Martel: No. You see? Nothing favours labour in this province. There are automatic fines for not wearing your glasses, but if there is not a copy of the Occupational Health and Safety Act out, there is no automatic fine.

Mr. Sylvester: Just a minute now. When you say "automatic," any worker has to be charged by an inspector.

Mr. Martel: Yes.

Mr. Sylvester: How is that automatic?

Mr. Martel: He does not go to court; he is going to pay a fine.

Mr. Sylvester: Our statistics show that 50 per cent of the fines are levied against management and 50 per cent against labour. That is the breakdown.

Mr. Martel: By the way, you will be interested to know that I have been trying since February to get the figures from the Ministry of Labour as to who was fined and who was not. I have written at least three or four letters, and I have raised it in the House, but I cannot get who was fined last year.

Mr. Sylvester: We publish it quarterly. I will put you on our mailing list.

Mr. Martel: I hope so. Do you see the point I am making? With you people it is a court procedure that you go through to get to court. Right? If you are going to be fined, there is a whole lengthy procedure to take it to court.

Mr. Sylvester: If you are talking about the Ministry of Labour, I am not here to defend or talk about--

Mr. Martel: I assure you I am not defending the Ministry of Labour.

Mr. Sylvester: I am here to talk about the construction safety association.

Mr. Martel: Yes, but I am saying that in the act--you tell me about things that were approved. There are automatic fines for workers, and yet--

Mr. Sylvester: They are not automatic.

Mr. Martel: If the worker is not wearing his glasses and the inspector comes in, the worker is charged. Right?

Mr. Sylvester: If the guardrail is missing, the company is charged.

Mr. Martel: As for management, if you are going to get to court, the Ministry of Labour does not charge industry the first time around. If one looks at the number of charges raised, and again I have the statistics, there were 361 cases prosecuted and 334 convictions for 1985-86. I do not know who that is, and the Ministry of Labour will not tell me, by the way. I have been trying desperately since February, and they will not answer me. You say about 50:50.

Mr. Sylvester: About 50:50.

Mr. Martel: The total fines are \$277,000. I have to go make a speech somewhere else. I am making one here, and I should not be. I should be asking you questions, but I have to go make a speech now. I am going to let my friend Ed Philip or somebody go over the convictions this afternoon. I am going to give you some more examples.

I am not here just to be negative, frankly. I want to tell you what the problems are. I look at asbestos and see workers still without protective equipment--not only your own; I found where your people are in fact providing protective equipment and the company that owns the establishment is not.

About 39 or 40 are going to the hospital to be resuscitated. I say that is good, but somewhere along the line your association has to get to all the industries. You are trying, and I understand that. You pick out the worst ones, and I give you credit for that, but it is still not the type of system I want, one whereby those accident rates will go down. That is the only way we will save everybody money. There is no other way.

11:30

Mr. Chairman: Mr. Sylvester raised the suggestion that we could view some of the association's commercials. It takes time to get set up for that. If the committee would like to view some of those commercials, we could do that over the lunch break. Are we in agreement on that?

Mr. Epp: I think two o'clock might be a good time.

Mr. Chairman: Does any other member want to carry on with questions at this point?

Mr. Philip: I do not mind carrying on, but I think Mr. Martel has taken quite a bit of time and I think that some members from the other parties should have an opportunity. Before we do, may I clarify a couple of things, in case we lose a couple of members? Since we are scheduling a video for this afternoon, do we have any report back yet on whether we will have adequate plug-in services for the radio broadcasters?

Mr. Chairman: Yes, we will have.

Mr. Philip: I hope the chairman--I say this publicly as a request so he will report back to us--will express grave concern about the fact that many of the media people have been complaining that during the deliberations of this committee this summer, we have had terrible plug-in services. I think the radio stations have a right to an adequate service. Perhaps the chairman could speak to the Speaker, the committee on the Legislative Assembly or whoever deals with that kind of thing nowadays. I have had numerous complaints and perhaps some other members have. They have a right not to have the type of thing happen that happened this morning.

Mr. Chairman: That is a fair comment. I will pursue it.

Mr. Epp: On that point, I have had similar complaints about the quality of recording and I want to add my voice to that. Some of the radio and television reporters want to get the audio for their stations, but it is very poor quality and so they cannot use it.

Mr. D. W. Smith: Mr. Sylvester, what is the range of workers' compensation rates to the different construction firms? Is it all one rate? Does it depend on the size of the company? How does that vary?

Mr. Sylvester: There are 11 rate groups and they all pay their assessments rates based on their experiences. At the lower end of the scale, you will find mechanical contractors. Perhaps Don Dickie or someone could help me here.

Mr. Dickie: I am here.

Mr. Sylvester: Is it about \$2 or \$3 a 100?

Mr. Dickie: I would say it is perhaps \$4 per 100 up to in excess of \$20 per 100.

Mr. D. W. Smith: How large a company would be paying the \$20-per-100 rate? How many employees would it hire?

Mr. Sylvester: It is a matter of the type of construction. The mechanical and electrical contractors would be in one category and they would pay a \$4 or \$5 rate. The tunnelling contractors and, I think, the wrecking contractors are paying very high rates; they would be paying the \$20 rate. It is the type of construction that determines the rate paid. It is really a reflection of their exposure to risk. It is usually the groups which have higher costs and more injuries that pay more.

Mr. D. W. Smith: Do you feel all companies report every accident that happens within their companies during the time of work or do you think there are some which do not report all the minor or smaller accidents?

Mr. Sylvester: That is possible. We get the data from the Workers' Compensation Board only on the official lost-time injuries reported. There is a form 7, of which we get copies from the construction industry. The figures I quoted earlier were based on lost-time injuries reported to the WCB.

Mr. D. W. Smith: Do you feel there is a high percentage of accidents not reported or do you feel it is very minimal?

Mr. Sylvester: It is likely minimal. Any injured person, and in fact the contractor too, would be taking a risk by not reporting that injury. There are sections of the act that bear on that. There would be quite a risk involved in not reporting a lost-time injury.

Mr. Gillies: I have a couple of questions, Mr. Sylvester. I was going to ask you about the accident rate, but that has been covered quite adequately.

Can you tell us a bit about the CAD-7 experience rating? As background for the committee, what has been your experience thus far? How long has it been in place, what kind of impact do you feel it is having, and so on? My personal bias is very much in favour of experience rating. I think the companies that are having the accidents are the ones that should bear more of the brunt of the cost. I gather problems come up with it occasionally.

Mr. Sylvester: The experience rating program of the construction industry was put into effect on January 1, 1984. We were the first industry in Ontario to introduce a universal experience rating program. Very quickly and simply, that program provides a mechanism to reward contractors who have a better-than-average safety record and to penalize those, to whom Mr. Gillies referred, who have a less-than-adequate safety performance.

In the past year, some 80 per cent of contractors in Ontario have received rebates, which indicates they have a frequency rate and a record that is better than average, but at least 20 per cent of our contractors are in the group that is paying surcharges, and that is the problem group we have identified. The effect will be more measurable as we go along. The workers' board has agreed to a five-year extension to this program, and we will see the motivating effects that it will have on management. Of course, there is a dollar incentive that relates to having a good safety program. We feel that incentive is there and will manifest itself even more in the years to come.

Mr. Gillies: Do you detect any pattern in the safety records that relates to the size of the company or anything of that sort? Form letters come around to members of the House, and very occasionally we get a letter from some very small outfit complaining that it has been forced out of business by experience rating. Generally, it is a two- or three-employee outfit. Is there a pattern like that?

Mr. Sylvester: There are so many small employers, as our data point out, 89 per cent employing three to seven or fewer, and a big portion of those less than a man-year. The formula for CAD-7 has been modified to accommodate them, because they have to have experience to be rated. The small firms do not have that experience and, therefore, until they reach a certain man-hour potential, they will not be rated. The formula has been amended to address that very problem. In 1987 and beyond, we hope to see the effect of that.

Mr. Philip: I wonder if I could ask a supplementary. It may sound like a dumb question, but since we have had experience with the HUDAC home warranty program that gets into a similar sort of situation, I thought I would ask.

Is it possible a company that suddenly finds its premiums going up as a result of the CAD-7 rating will simply fold under and redesign a new company and get around the program in the way construction companies or developing companies have been able to get around the HUDAC home warranty program? Where the ministry has said, "Hey, you guys are simply not doing a very good job of constructing," they simply fold the company and take it out under their brother-in-law's name and are still the principals. How do you deal with that?

Mr. Sylvester: That is a very good question, a difficult question to deal with. In fact, that is what happens from time to time. The only protection you have is that the same principals, if they were to form another company, would have a responsibility, but it is a problem.

11:40

Mr. Philip: You have no tracing system? I could start up ABC Construction Co., build for a while, then fold it and start up DEF Construction Co. the next day without my premiums carrying over if I have operated in an irresponsible manner.

Mr. Sylvester: This is a very difficult thing to audit. There are 34,000 construction firms and we have already pointed out the turnover factors. This is very difficult to audit.

Mr. Philip: Did you have more questions on that? I have a couple of supplementaries but I do not want to take too much time.

Mr. Gillies: Yes. I will not be much longer. I have a couple of other questions. I do not know if you saw the weekend press, but there have been some rather serious charges made against the Ministry of Labour by the Ontario Public Service Employees Union regarding inspection processes. I will say up front that as far as I can see in the articles I read--

Mr. Chairman: Mr. Gillies, can you speak into the microphone?

Mr. Gillies: Sorry, Mr. Chairman. The articles I read did not, with very few exceptions, pertain to the construction industry, but I wonder if you

can tell us about your industry's relationships with the inspectors, whether you feel they are able to do the job adequately that is being handed to them by the ministry and specifically whether you have detected any change in attitude or procedure on the part of the inspectors in the last year.

Mr. Sylvester: I can give you that answer from the perspective of the Provincial Labour-Management Safety Committee, which is a body of the provincial building trades council, and our directors who sit monthly. On a number of occasions and most recently, we have sent letters to the minister expressing concern about the number of inspectors. This is a labour-management endorsement. The observation was made that in 1979 we had 92 construction safety inspectors and now we have 66. There are 5,000 projects to be inspected, so it is rather obvious to us that the job is too big for the number of inspectors at hand.

This is to support the inspectors because, as I mentioned earlier, the director, Mr. Pizak, sits on our provincial committee and the regional managers sit on our regional labour-management committees; so we work together. We are involved with them and we are supportive of their efforts. They are really helping us. When there is a good inspection job done, our educational efforts are enhanced. We observe that there are just not enough inspectors in a burgeoning construction industry to do the job. That is our joint feeling.

Mr. Gillies: What has the ministry's rationale been in reducing the number of inspectors? Have they given you a reason for doing this?

Mr. Sylvester: I would not want to attempt to answer that, except to say that I think the minister has attempted to get more inspectors. I do not know whether that is a Management Board decision or what the problem is. Going back three years when the industry was in a period of recession, I think the number of inspectors was reduced, or allowed to be reduced through attrition and not replenished, which was probably a reflection of the economy of the period. However, we are now in a growth period and the need is definitely there.

Mr. Gillies: This is a difficult question, I guess. Do you feel that projects are being inspected as well and as fully now as they were in 1979 when you had about 25 per cent more inspectors?

Mr. Sylvester: No, definitely not.

Mr. Gillies: They are not.

Mr. Sylvester: No, they are not.

Mr. Gillies: Do you equate the deficiencies in the inspection system to the accident rate? Do you feel it is a contributing factor?

Mr. Sylvester: As a contributing factor, I would not want to point the finger, because that is very unfair. As I said earlier, when inspectors are there to do a job, they enhance our efforts. When we teach and show the proper methods and then have an inspector come on and lay a charge, if necessary, that enhances our efforts. If they are not there, then we lose that effect.

Mr. Gillies: Finally on this subject, has your association made its concerns about this known to the minister?

Mr. Sylvester: Through the Provincial Labour-Management Safety Committee, as a joint labour-management appeal.

Mr. Gillies: What has been the response thus far?

Mr. Sylvester: They have said they will increase the number of inspectors by, I believe, up to 10. That is the last word we heard.

Mr. Gillies: Any time frame on that?

Mr. Sylvester: I am not sure of that, Mr. Gillies.

Mr. G. I. Miller: There is a high cost of operation and it appears there may be a shortage of inspectors. Is there any other way to deal with it to make sure that safety is carried out while keeping the costs down, not only to protect the employees but also to keep the costs down for the company? I have heard many times that the red tape, the inspections and the hassles make it very difficult for a lot of companies to survive.

You say the economy is strong in construction. That is correct, but when you get into the rural parts of Ontario the economy is not that bright. I speak for the area of Haldimand-Norfolk and the tobacco area where it is very difficult. We have to cut all the corners to put a plan in place to make sure protection is there, co-operation is there and costs are kept under control.

Mr. Sylvester: Mr. Miller, you have a point. One of the recommendations we made was that perhaps the ministry could consider, as we do, a priority approach. We go after the bad actors, so to speak, and try to encourage them to improve their record. Perhaps the Ministry of Labour is so busy just answering complaints that it cannot inspect some of the jobs that deserve inspection. Perhaps the priority approach might accommodate some of your concerns.

Mr. Gillies: I have a couple of more questions. I was very pleased to see your associations move toward increasing labour representation in the spring of 1986. I wonder, however, whether 15 per cent is adequate. My understanding, Mr. Sylvester, is that with the bylaw change some of the 15 per cent may not go to labour representatives; it may go to other outside reps such as medical professionals and so on. Has that been your experience thus far or is labour getting a true 15 per cent?

Mr. Sylvester: To answer that question, our bylaws make provision for nonmanagement representation. Our commitment to the Provincial Building and Construction Trades Council of Ontario is to accept the 13--the president, the secretary-treasurer and 11 vice-presidents. The other two positions were allowed to be left open because there was an understanding that perhaps we should broaden our directorate to include the medical profession or municipal representatives. It was just a thought put forward but it has not been acted upon. The only aspect that has been acted upon was at our executive council of last week, to endorse the nomination of the 13 provincial building trades representatives to the board.

Mr. Gillies: Good show. Do I assume that you do not have at present a 100-person board?

Mr. Sylvester: No. We have an 85-member board with provision for these additions to come on.

Mr. Gillies: So it is 85, of whom 13 are labour.

Mr. Sylvester: No. It is 85 management plus 13 labour.

Mr. Gillies: Plus 13.

I was at the luncheon speech of your association in the spring when the minister raised some concerns about your association in terms of accident rate and so forth. My feeling is that it is all very well for associations to take a position and for a politician to come in and criticize and so on. The important thing is, have you examined the criticisms that were made in any depth? Will you comment on the validity or lack of validity of the concerns that were raised? For those concerns that you judged to be valid, what has been done?

Mr. Sylvester: Our prime concern was the use of raw data by which we recognize that there has been an increase in the number of lost-time injuries, but we have not related them to the exposure. Believe me, we are prepared to accept that there is a worsening situation, we are extremely concerned and are committed to doing something about it. To be fair about measurement, you have to relate the number of lost-time injuries to the exposure. We know there has been a 17 per cent increase in the value of construction this past year, which must imply that there is an increase in manpower.

11:50

We are also very concerned, as is the Workers' Compensation Board, that all the man-hours are not being reported for various reasons. I think Mr. Philip probably alluded to some of them; that is, certain contractors do not even report their man-hours of work, particularly in some aspects of the home building industry where a lot of the piece work is done and cash passes from one hand to another. These man-hours are not reported, and they adversely affect the measurement system.

In acknowledging the minister's concern and expressing our concern for an increase in the number of lost-time injuries, we add the codicil that unless you relate it to exposure, it is not a fair measurement. In fact, we know the error is at least 12 per cent, and if that is true, the frequency is not worsening; it is improving. We make that observation, not to claim it is going that way, but please consider it.

What are we going to do about it? We are working with the WCB to try to bring some sense to this assessment business and to try to do an audit, if possible, to encourage people to pay their rightful dues, because legitimate contractors are carrying them; they are carrying the ball for those who are not. That is why we have strong representation from construction associations to go after these people. They are not paying their fair share. That is why rates go up and why the man-hour figures are different. That is why the WCB says there are 140,000 and Statistics Canada says there are 270,000. There is a disparity there. I am not saying it is 100 per cent error, but I am saying it is a significant error.

Mr. Gillies: This is my last question. Where does this leave your relationship with the ministry since April? There has been a bit of sparring back and forth in the press. Do you feel the relationship has been damaged, or are you still able to work together in tackling some of these problems?

Mr. Sylvester: We are working with the construction branch, which is our related group. That is the group we have always worked with, and there has never been any difficulty in working with that relationship. There has perhaps been a misunderstanding in the way the minister has interpreted those figures, and I do not want to criticize him for the way he has interpreted them. It is a very difficult thing to bring logic to statistics. We are just pointing out that there are many considerations.

Mr. Gillies: Thank you.

Mr. Epp: I have three areas on which I want to question; one is the composition of the board. As we have learned, you have a total of 100 people, 85 from construction safety, 13 from labour and two miscellaneous or whatever.

It has been my experience that when you want very little done or when you want to accomplish very little, you appoint a very large board because you often cannot get consensus. People cannot get down to brass tacks on it; you just have a lot of people in a room and you try to make a decision. It is one way of avoiding facing the facts.

Would you not agree, Mr. Sylvester, that although you can get representation from every corner of the province with a large board, three or four people can sometimes accomplish much more than getting a lot of people to chatter about a lot of things?

Mr. Sylvester: I would agree with that. That is why we have an executive council of 20 and a management committee of eight.

Mr. Epp: How many labour representatives are on that?

Mr. Sylvester: There is none on either of those two boards. The provision in the bylaw is to allow the same proportion of representation in any one of the governing bodies. That bylaw was changed only in April 1986, and for us to bring labour on our board, there is a legal procedure required.

Mr. Epp: What is the legal procedure?

Mr. Sylvester: The legal procedure was the amendment to the bylaw, to begin with. If you look at the Workers' Compensation Act, it reads very clearly--I forget the section; I think it is 123--that employers in certain classes may form a safety association, etc. It says very clearly, "employers." In that section of the act, it gives provision for formation of safety associations.

In changing our bylaws, we had to go through quite a number of legal matters to get those changes made to accommodate the request that came directly from the Provincial Building and Construction Trades Council; that is, to have the council on our board. We responded to that.

Mr. Epp: How many labour representatives do you expect to have on there, and when do you expect that to take place?

Mr. Sylvester: It has been approved by our management committee and our executive council. At the end of October it goes to the general directors and then to the annual meeting in April 1987. By that time it should all be accomplished.

Mr. Epp: It takes about a year for you to make those changes. How many representatives do you expect to have from labour?

Mr. Sylvester: All that were requested to come aboard. All the members of the Provincial Building and Construction Trades Council. All vice-presidents, presidents and the secretary-treasurer.

Mr. Epp: That is 15.

Mr. Sylvester: It is a total of 13.

Mr. Epp: On your board of 20.

Mr. Sylvester: On the executive council?

Mr. Epp: Executive council, pardon me.

Mr. Sylvester: The bylaws require that a director must sit for at least two years as a general director before he is considered to go to executive council or beyond. That is any director.

Mr. Epp: But being very sincere about getting labour representatives on there, you would want to change that so they could come on immediately. Is that not correct?

Mr. Sylvester: That is up to the board to determine.

Mr. Epp: You are the general manager. Would you not make that recommendation?

Mr. Sylvester: I would recommend that there should be a progression, yes.

Mr. Epp: That they come on immediately?

Mr. Sylvester: Immediately? I do not think the bylaws will allow it.

Mr. Epp: Just a moment. You just told me you are in charge of the bylaws. You can change the bylaws.

Mr. Sylvester: We would have to change the bylaws.

Mr. Epp: That is what I am saying. You would be in favour of changing the bylaws so they could come on right away, would you not?

Mr. Sylvester: We could do that in April 1987.

Mr. Epp: I did not ask you that. I asked, would you be in favour of recommending that?

Mr. Sylvester: Yes.

Mr. Epp: You would recommend that as general manager?

Mr. Sylvester: Yes.

Mr. Epp: Okay. Thank you.

Mr. Sylvester: Sorry, Mr. Epp. I did not mean to sidetrack.

Mr. Epp: Regarding enforcement of the Construction Safety Act and so forth: When a charge is laid, to what extent are these enforced; and if they are not enforced, on what basis are they withdrawn?

Mr. Sylvester: It is a Ministry of Labour question, really. We are the prevention group; we are the educational research counselling group. You are asking a question that should be directed to the Ministry of Labour. I do not think I am qualified to answer that.

Mr. Epp: I should get Mr. Elgie up here or somebody from the Ministry of Labour.

Mr. Sylvester: Somebody from the Ministry of Labour.

Mr. Epp: He is champing at the bit. He wants to get up here. He says: "I am getting paid for this morning and I am just sitting here. I want to earn my keep."

Mr. Sylvester: That really is a Ministry of Labour matter. I do not think I am qualified to answer that.

Mr. Epp: I should ask the ministry. You do not have the information or because it is not in your bailiwick you would prefer not to have to answer?

Mr. Sylvester: Yes, both; and it would be only a personal interpretation, which I do not think would have the same kind of force that you would get from the ministry.

Mr. Epp: In other words, you enjoy your work and you want to continue it.

With respect to your pre-employment training program, could you elaborate on that for a moment? That is something you have initiated recently; could you comment on it and how it might overlap with the training program at the community college level and the apprenticeship programs?

Mr. Sylvester: Thank you. We have a very active program in every construction apprenticeship program throughout the province. In all the various community colleges where apprenticeship programs are delivered, there is an involvement from the construction safety association. The involvement is a growing one where we are trying to get the instructors there to carry part of this training load, because the concept which we want to put into place is that the right way of doing a job or the skill is really in parallel with the safe way. They are compatible and they should be. That is the fundamental philosophy behind training these people before they get on the job site.

An example, if I might use one, is the electrical apprentices. Before they are even accepted into the electrical apprenticeship program they must complete a two-day program with us on safety before they are indoctrinated into the apprenticeship program. It is the number one priority. That is the kind of concept we would like to see broadened throughout the construction industry for all trades: Train them beforehand; awareness training. Make the skill training compatible with occupational health and safety training. The right way to do the job is the safe way to do the job.

Mr. Epp: What is this new program costing you? Do you have any estimate?

Mr. Sylvester: That would be rather difficult. We are a service group, and if you consider that our training resource group is about 18 people out of our total staff, if you were to take a sixth of our budget you might be close to it. That is off the top of my head. It would be substantial.

Mr. Epp: One sixth of your budget?

Mr. Sylvester: When you consider 18 instructors involved, the salaries, travelling costs, materials, etc.

12:00

Mr. Epp: You feel it is successful, but you have not been there long enough to have a standard of measurement?

Mr. Sylvester: We know it has been successful. Our concern is that there is a growing demand for this training from the trade unions. A number of the unions now have compulsory safety and health education as a part of their contract--the International Brotherhood of Electrical Workers, for example, has 122 hours--and we have to have the manpower to deliver that. The other unions are following suit; so there is going to be a growing demand for this kind of training at the apprenticeship level.

Mr. Epp: Just one procedural change for a moment. Is Mr. Gaffney here?

Mr. Gaffney: Yes.

Mr. Epp: Mr. Gaffney, with respect to the amendment of the bylaws, as I have asked Mr. Sylvester, would you as president be in favour of changing the bylaws so the labour members could go on the executive committee immediately once they are appointed?

Mr. Gaffney: I would.

Mr. Epp: One recommendation is for the general manager to make a recommendation. He has already indicated very enthusiastically that he would be prepared to do that. I am putting words in his mouth. You as president would carry more clout, I would think. I am not trying to take anything away from the general manager, but would you be in favour of having them go on to the executive committee immediately and waiving that two-year training period?

Mr. Gaffney: Certainly. It would be fine as far as I am concerned. It could not take place without changing the bylaw, though. Everything we say and do has to be approved by the board of directors in the end, the 100, at the annual meeting. It is great to have them as directors, and we would be glad to have them on the executive committee and the management committee too. No problem.

Mr. Epp: Thank you, sir.

Mr. Chairman: Mr. Philip has indicated a desire to stand down his questions until this afternoon. If there is no strenuous objection, I suggest we break for lunch now and reconvene at two o'clock, at which time we will view the commercials and then get back into the questioning.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gregory, M. E. C. (Mississauga East PC)
Harris, M. D. (Nipissing PC)
Miller, G. I. (Haldimand-Norfolk L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Martel, E. W. (Sudbury East NDP) for Mr. Wildman
McLean, A. K. (Simcoe East PC) for Mr. Harris
Ward, C. C. (Wentworth North L) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Construction Safety Association of Ontario:

Sylvester, L., General Manager

Lear, J., First Vice-President; Manager, Administration, George Wimpey Canada Ltd.

Gaffney, D. A., President; Vice-President, John Gaffney Construction Co. Ltd.

Byrne, T., President, Provincial Building and Construction Trades Council of Ontario

From the Workers' Compensation Board:

Elgie, Dr. R., Chairman

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, September 29, 1986

The committee resumed at 2:30 p.m. in room 230.

SAFETY ASSOCIATIONS
(continued)

CONSTRUCTION SAFETY ASSOCIATION OF ONTARIO
(continued)

Mr. Chairman: Mr. Sylvester, do you want to take over at this point and describe what we are going to see?

Mr. Sylvester: Yes. We have the videotape of a series of our television messages. There are 10 30-second messages. The last one will be the controversial one about asbestos; it is on a separate tape. We would like to show those to you now, if we may. I would ask you to pay particular attention to the voice-over, because I think you will discover in the voice-over our approach to both labour and management. Please make particular note of the voice-over. I would ask our audio-visual people to turn the machine on, please.

The committee viewed an audio-visual presentation at 2:12 p.m.

14:15

Mr. Chairman: Would you like to say something?

Mr. Sylvester: I might add that those messages are also carried in Italian and in Portuguese on Italian and Portuguese programs.

Mr. Martel: The one that started with noise said, "The responsibility is yours. Wear them." Who is responsible for supplying the ear muffs? Does it say anywhere in there that they should supply them and make sure there is adequate equipment? No. The wall, for example, says, "You have knowhow. Use it." If you look at every one of those, the onus is on the worker. There is not one where the onus is on management. Yet the act says it is the responsibility of management.

Take any one of them. You can talk about the one on electricity and how the workman swung the boom and he got a shock. It implies, "That dumb worker; he swung the boom around." There is nobody responsible for lifting wires to make sure that the boom goes underneath. One could look at the guy being buried alive. Who is responsible for cribbing and making sure everything is shored up ahead of time? That is not the workers' decision. Management decides how the operation will run.

I guess what I am saying is, while I am not opposed to going after workers--they have to work safely--there has to be a balanced approach in those ads to show that the onus is as much on management--if not more so--as on labour. Out of the eight or 10, two show that corporations have some input and responsibility; the rest make it the worker. Look at the one about the goggles. Who is supposed to supply goggles? Quite frankly, I know that all companies do not supply goggles, as I know that all companies do not supply

muffs and as I know that they sometimes do not crib; they try to get a job done in a hurry.

Where is the balance? That is what I am saying. All I am asking is that it does not make working people look like slobs all the time, or too stupid to look after their health and safety. It has aggravated me for years. Quite frankly, I do not think working people are like that. Sure there are some careless ones and I guess there are some who ultimately, through their own negligence, cause a serious accident themselves. I am saying it is not all one-sided. Quite frankly, that is the part that drives me crazy.

Mr. Philip: I guess I would not have a problem with you showing the victim--because that is more dramatic--if, as part of that, you said: "You have certain rights as a worker to have this equipment supplied to you. If it is not supplied to you, here is what you can do about it. If it is supplied to you, for heaven's sake, wear it." It is the same thing with the asbestos: "If you are in a hazardous situation, here is the action you can take. You cannot be fired for doing this, this and this. This is what the act says." Instead, it really does not say that.

Even if it were to take the focus of, "Most employers are responsible and supply equipment. If yours does not, contact the Ministry of Labour or your union" or whatever, that kind of thing, but they do not do that. They are still left with a victim and no explanation of what you can do if you feel you are in a potentially dangerous situation. Do you agree that might be a valid criticism and that perhaps more information should be given to workers about what action they can take if their employer is not complying with health and safety laws?

14:20

Mr. Sylvester: I will not answer that question directly, Mr. Philip, but in 30 seconds I will give you something of what the philosophy behind it entails. We are attempting to create an awareness among the workers that will lead to the next step, that is, the education that is necessary, the acquisition of the proper equipment and so on.

With the concurrence of organized labour, who sit on all these committees adjudicating these messages, we know the person exposed to risk is the work person. We talk about personal protective equipment, because it is personal. The onus of responsibility ultimately is with the worker himself to apply that personal protective equipment.

Twenty years ago, when I started in this business, you did not see a hard hat around. Now, it is a symbol of our industry. It is because of the emphasis we have placed on educating people that the hard hat has become the symbol of the construction industry. It is now a habit. Two years ago, seven per cent of our lost-time injuries were eye injuries. We are saying all those are preventable if people use the eye protection that is being provided.

Mr. Martel: If it is provided.

Mr. Sylvester: Exactly. I am not arguing that, Mr. Martel. I am saying the purpose of the message was to try to encourage people to use the protective equipment. I am not arguing that there is not a place to emphasize the need of supply. We did that in the refusal to work on the trench, for example, and responsible contractors agree with that because it is an unfair bidding procedure. The good contractor provides the shoring and the cribbing;

that costs money. The unfair contractor does not, creates the accident and he gets a better profit out of it--or thinks he does, at least--at the expense of the worker. Those are the principles we are against and we are trying to fight.

Mr. Lear might wish to add to that.

Mr. Lear: For my part, Mr. Philip, I agree with the point you make. It is probably an omission that could have been remedied, to say you should not accept work in such a situation. On the other hand, to my mind it does not portray the worker as dumb. That is a term we would never use. Most accidents that happen do happen to people, and most of the people to whom I have spoken who have seen those commercials say they certainly have an impact.

The one thing that is somewhat sad in all this is that there has been an awful lot of criticism levied at the Construction Safety Association of Ontario, and it seems an awful lot of that criticism is that either the worker is portrayed as being dumb or else the situation is not being portrayed realistically or is offensive.

It is rather sad that, with one exception I know of in my years of involvement with CSAO, no one has come back and levelled these criticisms in any form that would enable the CSAO to take some action. The one exception is the asbestosis one. I was present at a meeting when a letter was read from the then Minister of Labour, Mr. Ramsay, which talked about someone who had complained about the asbestos commercial and suggested it had offended this person. We discussed it and said if it offends one person, then we must stop it. It was stopped immediately and never shown again.

Mr. Philip: I can put up with advertising that is occasionally offensive if the end result is more--I say this as somebody whose profession is training. It is necessary sometimes to grab somebody's attention, but if you leave him with a feeling that he is in a difficult situation and that there is no remedy to it, he is in worse shape than he was before. In other words, if you train people simply to say that there are a lot of dangerous things around, it may make them more cautious; on the other hand, it may simply make them more anxious. Surely the focus has to be that if you are in the situation, there are certain things that have to be done to remedy it.

One of the things I do not see enough of in your advertising is to say: "If you want to know what is in the act and if you want to know what protections are available, here is where you go. You go to your union if you have a union. If you do not have a union, you go to your health and safety committee or here is a number at the Ministry of Labour to call for information." It is that kind of thing.

I had a group in the other day. We solved the problem all right. I called up a union and in one day we got 95 per cent of them signed up on union cards. They should not have to be in a frustrating position where they know they are in such dangerous conditions that they are calling their MPP. They called the fire marshal, who I gather condemned the safety in the warehouse. They called in somebody who knew something about construction and said that the racks were dangerous, that there were cracks and all that kind of thing.

It is this running around in circles. There should be some advertising that is hard-hitting enough to say, "If you are not sure, here is what you can do." Your advertising does not do that. It gets their attention. That stuff gets my attention. It creates an impact. It creates a feeling of seriousness. You have done all that very well. Occasionally, things can be offensive if

they are serious enough. Sometimes you have to capture people's attention. After that, you should not leave them dangling. There should be something you can do in a two-minute or 30-second ad that says "If you are not sure, here is where you can get help." Your ads have not done that. Maybe that is the next stage you have to get to.

Mr. Martel: Let me use one of your ads. You showed a man getting run over by a truck. As I understand it, under the construction safety regulations, when you are backing up equipment there is supposed to be a signalman, a sideman and possibly a thing that makes noise as it backs up.

Mr. Sylvester: No, not a backup alarm; a signalman.

Mr. Martel: Not necessarily. Mr. Spurgeon was killed last fall in Oshawa in a construction accident. He was run over. I asked the minister recently to investigate the same company; it has had charges laid against it. The Ministry of Labour went out and, lo and behold, the company was doing exactly the same thing, backing up equipment without a signalman, after it had killed a man only six months before. That is what drives me round the bend. Nowhere do those ads implicate management.

Mr. Sylvester: It says a signalman should be provided.

Mr. Martel: Sure. Do you say it is under the act, it is compulsory? Who is responsible for the signalman?

Mr. Sylvester: Yes, we do. We say the law requires it.

Mr. Martel: The Bennet Construction Co. is out there doing exactly the same thing again after Mr. Spurgeon was killed last November, crushed under the wheels of a truck in Oshawa. That company learned its lesson, did it not? It really did. The Ministry of Labour goes out there and they are doing the same thing.

My friend Ed says you can do things. One of the problems in your industry is, who do you appoint or how do you get the health and safety rep in place so he is there permanently? The kickback I get--the complaints I get from the guys on the job--is that if they are too careful or too adamant about health and safety and they are not the stewards, for all kinds of reasons their jobs disappear for a little while and they fall to the bottom of the hiring hall practice; they go back to the union hall and wait for a job and if they are too good, they do not get hired again. You have never heard that?

14:30

Mr. Sylvester: Yes, I have.

Mr. Martel: Yes. I do not know the answer to that one, frankly. I have talked to my friend Byrne over there, and he says it should always be the steward. Maybe that is the solution. There has to be something for the guy who is there first so that if he is good on his job, he will not be replaced; but that is not happening in the industry. That is why your accident rates continue to go up.

I use the case of my friend Marion which I started to relate this morning. He was working in Sault Ste. Marie. I have the pictures; you might be interested in them. He was not appointed the health and safety representative. Someone else was, but the guy did not want to do the job, and so the brothers

in the various trades at a meeting appointed Ralph Marion the health and safety guy. He was not the approved guy, but he was the one who was raising the cane, and he could not get the Ministry of Labour to clean up anything. That is not unusual, mind you, but he could not; so he took pictures to present to the ministry. He gave them to me, but the company caught him taking the pictures. Guess what the company did? They fired him.

They have a policy: You cannot take pictures on the job. I am not sure whether there are some trade secrets or whether it is the Chernobyl nuclear plant being constructed or what. You people know more about construction than I do. Half the holes where the conveyor belts are going do not have protective barriers around them. There is wire and everything all over the place. The place is absolutely filthy. He calls in the Ministry of Labour inspector, who usually comes in with his white cane; so Ralph takes pictures, and he gets fired. I will tell you why he is so adamant--

Mr. Philip: Have you got the pictures?

Mr. Martel: I have the pictures. It is because he saw a young man killed four years ago when he did not push it hard enough, and he said, "I should have pushed it a lot harder." There is that young one, and he is an electrician. This is in Sault Ste. Marie. The ministry has the files and the usual kind of answer you get is, "He can take it to arbitration," or some silly thing. Do you think people are going to get seriously involved in occupational health when that happens to them? You told me this morning it was not confrontational. I do not believe it. It is confrontational every inch of the way.

I could tell you about Oshawa, where the union came to me and we had to involve the Ministry of Labour because the same thing was happening at the big new General Motors plant: No barriers up and wire all over the place. When the union finally got the inspector there, the inspector would not go to the floor to which the union representative, who was the health and safety rep, wanted him to go. He waited a day and came back. It was cleaned up by the next day. You would have to be a damned fool not to realize that was going to happen.

If you think I believe it is not confrontational out there, I am sorry, but I do not. I have talked to countless workers who have been dismissed, who cannot get back on the job site because they are obstreperous and troublemakers and the whole business. I will ask you a final question and maybe then I will shut my mouth.

On your training programs, you talk about your 12-hour course and you have 2,000 people--I think it is a 12-hour course, or is it an 18-hour one?

Mr. Sylvester: I think it is a total of 30 hours. Are you talking about the safety representative course?

Mr. Martel: Yes.

Mr. Sylvester: It is about 30 hours.

Mr. Martel: How much time is spent on Bill 70?

Mr. Sylvester: I am not sure. I think it is two or three hours.

Mr. Martel: Yes, but it is spent on teaching guys how to be safe. I am not opposed to that, not at all. You spend only two or three hours on Bill

70 and how to make Bill 70 work to protect everyone--your investment as people who own companies. Do you wonder why there is confrontation out there? I had people tell me on my last tour that Bill 70 did not work on Saturdays. Bill 70 had the day off if it was an overtime day. Part of your problem is that your front-line managers do not know the first damned thing about the act.

The guys from the Ontario Federation of Labour who take the 30-hour course know the act, and that is where you are running into the confrontation. Donaldson's guys know the act; they spend 30 hours doing nothing but learning how Bill 70 should be used. Your front-line management has two hours, perhaps three if lucky. You wonder why there is confrontation between them on the job. The managers do not know how the act works.

Perhaps, as my friend says, you should look not just in your ads. If you are going to have a balanced approach, surely as much time should be spent on teaching the act as showing how to tie something off properly, so that in fact you have balance.

It has come to be a weakness in you. You sound like the Ministry of Labour. They bring in an inspector, a guy who has never worked in the field. They get him from the Liquor Control Board of Ontario, give him five weeks of training and say, "You go out there and inspect like mad." They give him three hours on toxic substances and they say, "You go out, tell us about toxic substances and enforce toxic substances regulations in the work place."

The whole thing is a bloody myth. How do you train an inspector, how do you train anybody to go out on a construction site, who has not spent time on a construction site? That is why I said this morning you should have people who have spent a lot of time on the construction site. Never mind the high-priced academic people who sit in offices. You will learn from the guy without the education who works in the work place a lot more on how to make it safe than from a lot of the academics, who have never been on the work site or who worked there one summer when they were going to university. They became professionals at reading books, but they do not know what to look for.

People think I take great delight because I sometimes chuckle when I go after people, but the cost to this province is considered to be \$7 billion in total in 1985. If you take everything into account--compensation, hospital bills and the whole schmear--it is astronomical. Yet we spent two hours teaching occupational health and safety. In universities, doctors get perhaps three hours of training on occupational diseases. We are not even serious yet about minimizing our costs. Some day we are going to wake up and say there is a hell of a way to save a lot of money, which is to involve both sides in a serious, positive way.

That is why I disagree with you when you tell me, "Our staff prepares...." What your staff prepares is one-sided. You will say "No." I will say, "I am sorry, but I think it is not a balanced approach." You would find it vastly different if my friends in the trade union movement ever had that kind of money. If I could give Burns and his company \$8 million so they could hire the professional staff to brief them and to prepare them, they would drive you crazy. You would not be as receptive, I think, if they had the capacity to have the briefs written. I am not being critical of their involvement, because, so help me, I know the people in the leadership in the trade union movement do not have the money and the staff. They would tell you to it is up in your ear.

If it were at the beginning and they had \$8 million to squander or throw around to hire the best brains in the business to present their position, it

would be vastly different. I hope some day Elgie is going to cough up \$31 million to the labour groups. We will really get on.

14:40

Mr. Elgie: Do you have your chequebook with you?

Mr. Martel: I just happen to have one here.

Mr. Elgie: I will write it on your chequebook.

Mr. Martel: All right, you do that. It will bounce in a hurry.

It has to be balanced, and both sides have to be involved from the beginning. It is the only way we will save money or hold the costs down; the direction we are going in will not. Those accidents in your particular field are going up no matter how we cover it up, disguise it or hide it. Something has to change. I do not know what it is going to take. When nobody can afford not to have it any more, maybe that is when it will happen.

Mr. Gillies: I am not sure whether there was a question mark at the end of Mr. Martel's observations, but I think it is all leading to the question I will ask. You are aware now of some of the criticisms and concerns. Have you changed the direction you are taking in advertising? Can you fill us in on any of your plans for future ad campaigns?

Mr. Sylvester: Yes. The last television message that was made was the asbestos message; it is going into its second year. Since that time, the board and the safety associations have gotten together to develop guidelines that are very much along the lines of what Mr. Martel was mentioning; that is, ensuring there is a balanced approach to a subject. If there is an area of criticism, perhaps that is one we will have to look at much more carefully in the future.

I would like to say, however, that in making these general statements, they are general. We have already acknowledged that we have 5,000 contractors in this province who pose major problems to us; but I have not mentioned that we probably have the equivalent or many more who do provide the proper facilities, the proper safety equipment, proper training and so on. They are honourable and good contractors who are doing a good job with good construction people. The response is excellent and we have records to show that.

I think there is a danger in broad-brushing the entire industry and saying they are all lousy and rotten. They are not. I do not think that is a fair appraisal of the situation. We acknowledge that there are a number of poor contractors. We are trying to reach them. We should be striving more and more to reach that group.

Mr. Gillies: When will you be launching your next ad campaign?

Mr. Sylvester: If our budget is approved for 1987, there will probably be a flight of 10 or 11 weeks of television messages in 1987.

Mr. Philip: I have a different line of questioning. I have the feeling from talking to people that some of the subcontractors are the victims of the major contractor when it comes to safety.

By way of analogy, Mr. Gregory and I were on a committee in 1975, 11 years ago, in which we discovered that the dump truck operators were being told that either they overloaded and paid the fine when they were caught or they could line up with some other contractor. We were so incensed by that, we made some recommendations that the shipper be fined equally. I gather that had some impact when a few shippers decided it was unprofitable to have their trucks overloaded and they started using some caution.

I will give you an example I ran into this summer. I had a Viceroy home built for myself and my family. One day I arrived and there was this crane taking off the beams and putting them on the ground. The beams for these cathedral ceilings are very heavy. The next day, the subcontractor, who is a decent man and did an excellent job, had a new workman on the site. The new workman weighed 300 pounds, give or take a pound, and he was way up on the top.

I asked, "Who is this guy?" He said, "I had to hire him for a day." I said, "Why are you hiring him for a day?" He said, "Between you, me, my other guy and the 300-pound guy way up on top, we may be able to get these beams up there." I said: "You had a crane here yesterday. Why didn't you lift them up with the crane? It would be simple for you and me to be up there, jostle it in place and hold on fairly safely as long as we did not have to worry about the weight." He said, "Viceroy does not allow us to use the crane to do anything other than drop them on the site. We have to find some way of getting these things up."

This subcontractor is a decent, hardworking man and I am willing to bet his yearly income is half of mine. His business is not terribly profitable; he works for only eight months out of the year. I am sure he does not want any of his workers hurt. ~~I am sure he probably does not want to hire a 300-pound man to go up to the top of a rafter like that,~~ but it was the only way he could get the beams up.

Here is a major company, highly profitable, turning out what I admit is a good product, but in this case the subcontractor is the victim. He would not have told me that if I had not asked the questions, because he wants to continue doing business with Viceroy. Here is the situation where a major contractor is saying to the subcontractor, "If you guys want to work, you do it our way and no other way." Somebody should have been in there saying, "If something is above a certain weight and you are going to deliver it with a crane anyway, leave the crane there for half a day and get those damned things up, so workers do not have to be hired by the pound to get something up there."

That happened. It is an actual, concrete example. The subcontractor is usually working himself, he is often up there with a hammer or whatever; so the situation is as dangerous for him as for his workers. He does not want unsafe conditions, but the major contractor imposes them on him. He does not have a union to go to, he does not have anybody to say anything to, and if he yells too loudly there is another subcontractor down the road and next time they will hire him.

Do you have any comments on that? How do you get around that?

Mr. Sylvester: Mr. Lear is in the home building business--

Mr. Philip: I hope Viceroy does not go after my contract.

Mr. Lear: I guess an awful lot depends on how the contract is set up. There is nothing to prevent the subcontractor from renting a crane

himself. Without knowing, and I assume you do not know either, I would suspect the contract with Viceroy probably called for it to deliver the material to site and unload it on site. The subcontractor's price included, or should have included, taking it from there.

That would be my answer to the situation, because I cannot for a moment imagine a major contractor such as Viceroy saying, "We will deliver and do nothing more." If they had priced to do that work, then I am sure they would have been prepared to do it.

Mr. Philip: Viceroy has some very talented architects. Their architects are very good at the designs; they turn out interesting designs. You cannot tell me they do not know how difficult it is. If that is what they are doing, then the least they can do, out of a sense of public safety, is put that in the contract and price the product accordingly.

Mr. Lear: Perhaps they did just that.

Mr. Philip: They did not, because I would have paid an extra \$200 for a crane if I had thought I could save some guy's back. They are being penny-wise and dollar-foolish. I would have been very upset, needless to say, if that poor fat guy had fallen down or strained his back.

They had only to leave the crane there for an extra three or four hours and those beams could have been up in a quarter of the time. They could have deducted that off the cost, but they did not do it. The attitude I picked up was: "Viceroy does not give a damn once they have got the sale. They do not care how it goes up, as long as it goes up and they do not have any complaints from the consumer." The consumer usually does not see how the thing is going up and, anyway, he is only interested in the end product.

The beams did go up, they are in the right places, everything is perfectly well constructed and there are no complaints. The Ontario Home Builders' Association does not get a complaint, because there are no problems with the construction. In the meantime, what I consider a fairly unsafe condition that could have been corrected by the use of a piece of machinery could have been solved if Viceroy had acted responsibly.

14:50

Mr. Lear: I agree, or if the subcontractor had acted responsibly. The contract with the subcontractor is just that, a contract. As do most contractors, we use many subcontractors. We have a form of subcontract agreement and a contract, which specifies the work that is involved in their part of the job. Without knowing what it says in this particular situation, one would not know whether Viceroy or the subcontractor had priced to have the beams erected. It is impossible to say without seeing the form of subcontract. It may well be that it is the subcontractor who is trying to cut corners.

Mr. Gillies: If I may be helpful here, I put up a Viceroy home once myself. We could get into a big debate on this. As I recall, at the time I did it, Viceroy offered two alternatives. The Viceroy dealer--and I gather the dealers are franchisees--would erect the thing for you. You paid a price for the materials and delivery to the site. If you wanted them to erect it, they would give another estimate on that. As my friend Mr. Philip did, I opted to have another contractor erect.

Mr. Philip: No. I opted for their contractor. It was their subcontractor who was forced into this position.

Mr. Gillies: Okay. What Mr. Lear was saying was my understanding, that there is one price for delivery and the materials and another price for erection, at which point you have an option to use either their guy or another guy.

Mr. Philip: I paid the erected price. It was their subcontractor who was forced into this situation. It was only by my asking questions about it that I dragged the information out of him. I said, "What the hell are you doing it this way for?" He was recruiting me to lift the beams with him. I did not mind doing it, but I was worried about the guy on the top. He said, "We are not allowed to use the crane."

Mr. Gillies: I see your point.

Mr. Lear: Mr. Philip, with respect, if the subcontractor was using you as part of his crew, I would say he was recruiting some cheap labour. It looks to me as though he certainly was cutting corners.

Mr. Philip: It was completely cheap.

Mr. Gillies: What is worse, he was using nonunion labour.

Mr. Philip: As a matter of fact, it cost me. I was also running the bucket brigade for them free of charge.

Mr. Gillies: Wait until I report this to the Labourers' International Union of North America.

Mr. Philip: I do not think the subcontractor was unionized.

Mr. Martel: Would you agree that the mandate of the Construction Safety Association of Ontario is the teaching of health and safety?

Mr. Sylvester: Of course.

Mr. Martel: In your summation, you indicated that you train 40,000 workers annually--and I give you credit for that--and since 1979, some 2,000 tradesmen have completed the safety representative course. I indicated to you my dismay at only two hours of that being spent on--

Mr. Sylvester: It is a 30-hour program.

Mr. Martel: I understand that. I understand that you do some good work in the training to try to reduce the number of accidents. But if the mandate is health and safety, are you aware that the Ontario Federation of Labour--and this year it has a budget of \$1.7 million, while you have a budget of more than \$8 million--hopes to train 5,000 workers this year in the 30-hour course, Occupational Health and Safety: How the Act Works? It has already succeeded in training 2,700 people, who spent 30 hours on nothing but Bill 70. They get \$1.7 million. I have attended the 30-hour weekend, and they do an excellent job. With the money you have, you have managed to train fully 2,000 tradesmen since 1979. Is that part of the problem?

Mr. Sylvester: I do not think so, Mr. Martel. Going back to that program which was, again, a labour-management endorsed program, one they reviewed and developed together, there are certain priorities.

I am not so sure that the straight training in the legislation is all that beneficial. Many trades have parts of the legislation that apply to them

specifically, and we would devote our time to relate the sections of the legislation that are more pertinent to a roofer, for example, than they would be to a trencher. Why would you want to go through a laborious exercise of going through trenching operations to a group of construction people who have no exposure to that kind of risk? There is some justification in developing a program that is specific to the trade need, and that is what has been attempted here.

I agree with you. The Ontario Federation of Labour program is excellent, believe me. It is an excellent program and we endorse it completely. In fact, we encourage these people to take both. We think that is a great way of going about it. However, there is so much time to do so many things. Accident investigation is very important, certainly as important as an understanding of the legislation. You can find the legislation in the book anyway, and it is a matter of interpretation.

Mr. Martel: Aha, but you put your finger on two points: first, accident investigation. Unless the workers know there is an accident, they do not investigate the accident. I can give you 100 examples where the company has chosen not to inform the union that somebody has been hurt on the job.

Mr. Sylvester: They are breaking the law, but all right.

Mr. Martel: Just slightly, but that goes on all the time. We have suggested to the minister that there be an automatic fine for not reporting, much like not wearing your glasses. You do not have to go through the courts, but you get zapped.

The other point you referred to in your last statement was the teaching of health and safety. People do not understand the act. Everybody has his own interpretation of the act, and that is where 75 per cent of the problem comes in. People do not agree on what is in the act, and they spend half their time fighting about who is interpreting the act properly. The ministry is so busy running around dealing with the brush fires, it does not have time to deal with the act and how it is being violated. If you think people understand that act, we are in serious trouble, because that is not the case at all.

You have to teach the act to your first-line management so you can resolve those differences immediately. Let me give you an example. It might not be a construction example, but I am sure the same applies to your own industry. The examples will be different; that is all. When there is a work refusal, if your first-line management does not know what happens with a work refusal, the first thing you know you might have a work stoppage, and not just one.

I love the construction trades, but they do not fool around. When they stop a job, they stop it. They mean business and they stop it in a hell of a hurry. Frequently, you can be out of that dilemma if first-line management knows you are bringing over the health and safety representatives. Between them and your officials, you sort it out. If you cannot get it sorted out, you then move the person out of that line of work and bring in the Ministry of Labour.

I bet you could tell me all kinds of examples of work stoppages that would not have been work stoppages if they had been sorted out properly. It costs you a pile of money. It costs some company a pile of money. They said: "To hell with it. That ain't the way the act works. You are going to work there." The guy from the union said, "No, I am not working there." Bingo, there is a work stoppage. The first thing you know there is a picket up.

Mr. Sylvester: That is why the program we give to the safety representatives is exactly the same program we give to construction supervisors.

Mr. Martel: Yes, but you just told me you may only spend two hours on the Occupational Health and Safety Act. I have read that act five times. I do not know if you have read it.

Mr. Sylvester: Yes, but we are more concerned about accident prevention.

Mr. Martel: But that is part of accident prevention.

Mr. Sylvester: It is indeed.

Mr. Martel: It is the key.

15:00

Mr. Sylvester: It is not necessarily the key.

Mr. Martel: How you prevent it on the work site is another thing. If people know they can use the act to say, "No, I am not going to do that until I am sure it is safe," and they feel comfortable that they will not be dismissed or fired, then you would be saving yourselves a lot of money, particularly if there is no union. The Royal Commission on Matters of Health and Safety Arising from the Use of Asbestos in Ontario said that where there was no union, people were fired left, right and centre simply because they find any reason. We both know you can find a reason to get rid of anyone, particularly if there is no union, because you do not even have to give a reason.

Mr. Philip: You do not even have to give a reason under the act.

Mr. Martel: Under the act you do not have to give a reason to a guy not belonging to a union. You fire him. The royal commission on asbestos said that where there is no union, there is no health and safety, because people are afraid of being fired. I know the solution. They should all get organized and get themselves protected, but for some silly reason they do not want that kind of protection. That is part of the reason there are accidents. People are afraid to use the act. Try to get first-line management officials out there in the front to deal with those issues.

I have listened carefully to what you have said today and I am not sure that the trade union movement is nearly as involved as you imply. There are too many ifs.

Mr. Sylvester: Why do you not ask the president?

Mr. Martel: I am not going to put him on the spot. I make my own judgement on what I hear. I hear someone say, as you did this morning, "Yes, you can get the trailer in," then, "Maybe not; you can get it on the site." Your first response was, "Yes, management or labour can both have it in." By the time we got finished, the answer was "No, they could not."

It is the same here: you get two hours' training. You are not going to get health and safety with two hours' training. You say, "We are interested in reducing accidents and the act does not do that for us." I am telling you that

is the wrong concept, in my opinion. You might tell me you do not agree. That is fine; you do not insult me.

Mr. Sylvester: I do not agree.

Mr. Martel: You see. That is where our problem lies. You do not agree that the act is there to reduce accidents. I think it is the basis for reducing accidents. I think we are in serious trouble when someone who heads a safety association says to me, "I do not think the Occupational Health and Safety Act is there to reduce accidents or is going to be the instrument whereby"--

Mr. Sylvester: I did not say that; you did.

Mr. Martel: You said "the instrument whereby you reduce accidents."

Mr. Sylvester: Talking about education.

Mr. Martel: Education is the name of the game.

Mr. Sylvester: We are talking about priorities in education.

Mr. Martel: I am talking about priorities. I think you like to hand things off to people and say: "Here is a pill. Take it and it is going to make you better." I think you want to hand off health and safety. I say no; if you think that is going to reduce accidents, you are dead wrong. Your whole direction is wrong. You have to involve them right from the beginning and you are not. You do not even accept that as a reality of the way you should be going. How can I expect--

Mr. Sylvester: Why do you not accept some comment from labour?

Mr. Martel: If labour had the money you have to hire the professional staff you have, fine; but it does not have it. They do not have the tools or the long greenbacks.

Mr. Sylvester: They have the Construction Safety Association of Ontario.

Mr. Martel: That is a management organization. I am sorry. You are not going to get me to accept that your association is the workers' association; it just is not.

Mr. Sylvester: It is a labour-management association.

Mr. Martel: I am sorry, I am not going to buy that either. If that were the case, people who are interested in health and safety would not be fired on the job for enforcing health and safety standards.

Mr. Sylvester: I do not know how you draw that conclusion.

Mr. Martel: Your association represents all of the organizations in construction and you should be able to reach them to say to them, "If you want to reduce your costs, it is through health and safety, and you do not fire people who are trying to enforce health and safety." The \$8 million is part of the educational process. Most of your educational process is to prevent accidents by the actual work-site experience. I do not dispute that, but I am saying that until you can educate people, accidents will only be reduced. When

you use that instrument the government put in place, as imperfect as it may be, if you do not see that as the basis for reducing accidents, I think we are in very serious trouble.

Mr. McLean: If somebody walked into my office with a concern relating to the place he is working with regard to asbestos, would that fall under the Occupational Health and Safety Act? What is the first thing he should do?

Mr. Sylvester: It is a designated toxic substance, and there is a regulation controlling that.

Mr. McLean: In the work place?

Mr. Sylvester: Yes.

Mr. McLean: Are these employers aware of that?

Mr. Sylvester: I wish I could say that all of them are. I do not think they are, despite our best efforts to communicate. We use our brochures and our newsletter, and we have a series of seminars ongoing all over Ontario. There were three recently in London. We are trying to get that message across to our employers and to all the workers who are involved.

Mr. McLean: Can I get a copy of that?

Mr. Sylvester: Yes. You are welcome to it.

Mr. Epp: Mr. Chairman, I have a question and I want to get a clarification on this. I was somewhat astounded a few minutes ago when Mr. Martel said that you people fire inspectors for enforcing the act and nobody took exception to that.

Mr. Sylvester: We have nothing to do with inspectors. That is the Ministry of Labour.

Mr. Epp: These people are fired for enforcing the act.

Mr. Sylvester: No. I think Mr. Martel was referring to people on job sites being fired. I cannot deny that. Maybe that happens.

Mr. Epp: These allegations are flying about here. We should find out if that is the case, and if it is, then we would like to know more about it. If it is not the case, somebody should be in a position--

Mr. Philip: He did not say inspectors were fired. He said people were fired on the job for exercising their rights under the act.

Mr. Epp: That is right.

Mr. Philip: That is different from the inspector. It is not an inspector from the Ministry of Labour being fired for that.

Mr. Epp: Whoever is responsible for the firing, if that is taking place, we should find out who it is.

Mr. Martel: There is no legislation to protect any of those workers in the province. You could not investigate it. They have no right to appeal

anywhere. Unless you had the Gestapo around, you would never prove what we are talking about.

Mr. Philip: My question relates to the educational programs. Maybe I missed it, and perhaps the Provincial Auditor can comment on this. Are there clear, stated training objectives for each of the programs you have done? Do you have behavioural measurements at the end of those programs to evaluate the effectiveness of each of those training programs?

Mr. Sylvester: In answer to the first question, yes, every instructor begins his program by enunciating its objectives. They are pretty fairly outlined. As I implied earlier, they are usually specific to the group we are training. We believe in tailoring these programs.

At the conclusion of the program, you can always do a bit of an audit in understanding. Some of the courses have examinations, so that is a measure of knowledge received and understood, but to relate that to a long-term understanding is a very difficult thing to do.

Mr. Philip: Let me suggest that what you are after is not understanding but behavioural change.

Mr. Sylvester: Yes.

Mr. Philip: It may be directed towards management or towards workers. If you were running programs without your objectives being stated fairly clearly in behavioural terms rather than in knowledge terms, then from a public accounts point of view or from a training point of view, your programs are not being properly set out.

Perhaps an appreciation of poetry may be an example of something for which I cannot develop behavioural objectives, but from the point of view of training, there are very few things I cannot--with some difficulty, maybe--set out some fairly clear behavioural objectives; or once I have the behavioural objectives, that I cannot measure, although it may be necessary on a longitudinal study. There may be behavioural changes for six months; that may drop off. It may be a year with a dropoff or it may be a very slight dropoff. But unless you are doing those kinds of evaluations--

15:10

Mr. Sylvester: We are.

Mr. Philip: --then we are spending an awful lot of money for something that, for all we know, may not have any kind of impact.

Mr. Sylvester: You sound like one of our directors. You are right on, Mr. Philip. As a matter of fact, the chart on our approach to priority firms, to which I made reference, does exactly that. If there is any piece of evidence during the last five years that points out that this training--sustained, directed, specific--does have a result, it is that measurement, because we can measure the downward trend in frequencies very accurately. There is a tremendous reduction in the number of lost-time injuries as a consequence of that kind of intensive consulting and educational effort.

Mr. Philip: One of the difficulties I have, and I have not examined your programs in terms of the kind of thing that perhaps the Provincial Auditor should be looking at, is that since it appears as though you are dealing mainly with those companies that are more receptive, if you want, rather than with the chief offenders--

Mr. Sylvester: No; it is the other way around. We deal with the priority firms. The offenders are our priority approach. The others we have to service.

Mr. Philip: I thought I heard you say that if the offending company did not want to let you on the premises, you had no way of getting on and that often employers invite you. This would indicate that the more receptive ones, the ones that are--

Mr. Sylvester: That was in relation to the mobile classroom. In terms of providing our services generally, we will go to the priority firms, those firms that have the problems. We do not have the manpower to address 34,000 contractors globally.

Mr. Philip: What happens if a priority firm refuses? There is no way of getting in then?

Mr. Sylvester: I believe they are probably facing some financial burden that will likely get to them eventually. They will wind up either out of business or in big financial trouble.

Mr. Philip: I have friends in the construction business. One has run a construction company for some 30 years and has had one accident, and never, with all the homes he has built, has there been a complaint, let alone an adjudication, from the Housing and Urban Development Association of Canada home warranty program. His constant complaint to me is that the good builders end up constantly paying the shot in terms of HUDAC and also in terms of compensation payments for the bad guys, or the fly-by-nighters, or the guys who are in and out of the business and so forth. His view is that the premiums on offending companies should be tougher than they are now and that successful people like himself should be let off a lot lighter both in terms of HUDAC and of the Workers' Compensation Board.

Do you feel the present reward and compensation system, if you want, is tough enough on the offenders?

Mr. Sylvester: I believe the merit rating system that is in place goes a step towards resolving that problem. The bigger problems, however, are those contractors--or fly-by-nighters, as you put it--who do not report man-hours and do not pay their assessment rates. There is a growing number of those, which we fear are generating disproportionate figures. They are not paying their fair way and thereby, as your friend has said, they are not contributing to the fabric in the construction industry. They are takers, they are users and they are not paying their fair way.

Mr. Philip: How do you catch them and how do you enforce it? Are there changes you would recommend?

Mr. Sylvester: That is a monumental problem, which the WCB and we are trying to address. The auditing function is a tremendously costly and difficult one, and short of auditing, I am not aware of any way of going about it. It is a very difficult problem.

Mr. Philip: It always struck me with the HUDAC home warranty program, for which I have had some responsibility over the years, as Dr. Elgie will tell you--and even somebody as talented and as enlightened as he was when he was the minister could not seem to fix up that mess--that its basic problem was that any guy could get in and out of the business and there was no way of identifying him.

I could not see why it was not possible for the government to set up--without going public and without having it as public information--at least an auditing system of the principals who own more than five per cent in a particular company. It would not have to be public information. It is none of Mr. Martel's business if I own 10 per cent in AYZ company or how much that company may be worth, but it is in the public's interest to have some type of independent auditor looking at that so that a company which does not perform a job properly can at least get caught on the second, third or fourth time around.

Over and over again I hear from reputable companies, which say, "Damn it all, our industry is getting the bad name and we are operating and we are paying the cost," though, eventually, it is the consumer who pays the cost. They say, "We are paying the cost of these other guys who are operating in a less reputable way than we are." Surely there should be a system of auditing who owns what, tracing these people and putting them out of business if they cannot operate properly, or at least a system of fining them to the point where it does not become profitable for them to cut corners.

Mr. Sylvester: Our board of directors, our management and labour friends would all agree heartily with what you have said. It would help our industry.

Mr. Philip: Then how do you come up with it? What is the mechanism? If we can monitor whether landlords charge illegal rents, then surely we can find some way of monitoring who owns what in the construction industry.

Mr. Lear: May I respond to that? I agree with your point and that is something we are actively looking at. It is not as simple as it seems to be on the surface because, almost without exception, you will find that all home builders employ subcontractors. In fact, I think you will find your friend's record is not unique. I agree that having one accident in 30 years is an awfully long time. To a large extent, you will find that home builders do not necessarily employ direct labour. They employ subcontractors who, in turn, employ the labour.

Mr. Philip: He has a staff of about 17 or 18 people.

Mr. Lear: One of the problems is being able to monitor the subcontractors and that is the crux of it all. That is what we must find the answer to.

Mr. Chairman: Mr. Sylvester, have you taken a look at the question of overtime in relation to the accident statistics? I know it has been discussed in the past few months around the Legislature, primarily in relation to mining accidents and the creation of extra jobs. I am wondering whether your association has looked at it and what implications there might be.

Mr. Sylvester: Not really. Construction is traditionally a seasonal type of operation. In the summer months with road building and so on, they

have to take advantage of the daylight hours. If you look at the average construction work year, it is about 1,650 man-hours of work. That could be concentrated into eight months or a shorter period. It is difficult to answer how many of those hours are what you would call overtime situations.

If there is a pour going on at eight o'clock at night and there is half an hour more to go, they keep on going. It is one of those types of situations, one that labour understands and goes along with because it has to make hay while the sun shines. That is the nature of the industry.

Mr. Chairman: Have you ever taken a look at how many accidents occur during those overtime periods?

Mr. Sylvester: Our computer will tell you the hour of the day when the accident occurs, so we could probably get a readout and identify for you when those accidents occur. Unless you relate them again to the exposure, they are meaningless. That is the difficulty in trying to analyse from these statistics. While we are on statistics, Mr. Chairman, I want to mention--

15:20

Mr. Chairman: I do not want you to get away from that before I make my point; then you can say what you want to say. Mr. Martel mentioned that the cost figure to Ontario society is in the billions of dollars. This is the sort of thing you should be spending some time analysing, the impact that overtime may be having in your industry. It is the kind of industry where you probably see a great deal of overtime take place. It may be advantageous for all of us if you look at dealing with that question in terms of additional people, shift complements, what have you--I do not know. It seems to me that is something you should be addressing.

Mr. Sylvester: That is a very good point.

Mr. Lear: Can I make a partial response to that? Mr. Sylvester probably will not remember the figures; for that matter, I do not remember the figures. However, for the purposes of the Ontario Road Builders' Association, to check this very point some two or three months ago, I asked the CSAO to run through accidents and when they happened. I cannot remember the figures. I do recall that very few accidents, funny enough, happened late in the day. I would have expected to find more, but there were very few and, from memory, most of them seemed to happen somewhere between nine and 10:30 in the morning.

Mr. Chairman: If you can provide that information, we would appreciate seeing it.

Mr. Lear: I think I still have it.

Mr. Sylvester: I think that is true. As a matter of fact, the 10 o'clock coffee break was a direct consequence of statistical analysis of accidents occurring around that hour. That gave birth to the 10 o'clock coffee break. Our stats seem to indicate it is early in the day that the accidents occur. Perhaps I can address the question, Mr. Chairman, in terms of cost-benefit analysis.

Mr. Chairman: Go ahead.

Mr. Sylvester: This warrants mention. In 1975, the average cost of an injury in Ontario was \$3,800; in 1985, it was \$13,649. Our budget over these past 10 years has been \$65 million. The costs that have been saved to Ontario construction because of the reduction in frequency over that period has been \$231 million; so our cost benefit shows about a \$21-million saving through accident prevention education and services.

We hasten to add that we do not take the credit for all that. It is a synergistic thing. We have labour involvement. We have very good support from them. We have good management and we have some lousy management too. We have the Ministry of Labour. All have a part to play, but the fact remains that having devoted this time and effort to the accident prevention enterprise has proven to be cost beneficial.

Mr. Martel made reference to some statistics from the Ministry of Labour this morning. I think those statistics probably are accidents reported to the Ministry of Labour as distinct from lost-time injuries reported to the Workers' Compensation Board, and there is a great difference between the two sets of figures. We wondered why you were so low in 1985. I think you said 8,000 or whatever. There is some reconciliation between your source and ours, Mr. Martel. I think you are talking about accidents reported as compared to lost-time injuries reported by the Workers' Compensation Board.

I also have some information you were looking for earlier today, and that is the convictions. Did we publish them? It goes to 38,000 people and we will provide it to you. The most current is the convictions under the Occupational Health and Safety Act for the period January to March 1986. If you look at the percentages and the outlines, you will probably find under 50 per cent are to the worker and the remainder to management.

Mr. Chairman: Are there any further questions or comments?

Mr. Martel: In summing up, I worry about--is it the solution? The severity of fines by the courts involving fatalities or very serious accidents almost seem to me to be a licence to continue. I am looking at the death of a worker in Sarnia mentioned in the London Free Press on August 8. It blows my mind when I see the Ministry of Labour's solicitor almost agreeing with the company solicitor as to what the fine should be--\$3,000 for a fatality. To me, that is a licence to murder in this province. Three thousand dollars and the guy was killed. A man called Mr. Fleming was involved.

I will just show you. The charge--that the firm failed to ensure measures and procedures in the project complied with provincial regulations--cited five violations: limit switches on a large tower crane at the site were not maintained to prevent danger while the crane was being used; the crane was used when it was defective, with improperly set and ineffective switch controls; the crane's load-carrying capacity was not set according to good engineering practices; the crane was subjected to a load exceeding its capacity and the crane did not have automatic overload protection. The thing collapsed.

Then we have the Minister of Labour's people agreeing. The story says: "Hutton and Fleming said they agreed on the \$3,000 fine following a recent court ruling in London. Hutton said Eric Whalley Construction of London was fined \$2,000 on a safety act charge laid after a worker fell through an unguarded opening in a 22-storey condominium building and was killed."

It is almost a conspiracy. You look at another case where a guy falls 12 storeys and gets killed. There is no protective barrier. The lawyer for the ministry is reaching an agreement of \$2,000 for one and \$3,000 for the other. Life is pretty god-damned cheap in this province. Pardon me for swearing, but life is cheap.

If somebody steals \$100 or \$500 from a bank, the crown throws the book at him. You throw him in jail for two or three years if you can get the conviction for stealing \$1,000 or \$2,000, but for a life, we negotiate \$2,000 and \$3,000 fines. It is an absolute disgrace. Do you people have any input in saying one deterrent might be that when you have five contraventions of the act--

The other one I have is the day before. The Ministry of Labour guy had shut down the job site. They go in the next day because somebody is injured. It has already started up and the changes have not been made. Three thousand dollars. It is ludicrous. Somebody gets pinned under a slab of muck for hours.

Should the fines be increased to make people responsible? Maybe we should do as they do in Europe. They throw the boss or the manager in jail for a while. Do you not think those fines are too small? What is the deterrent on a \$2,000 fine for killing a workman?

Mr. Sylvester: It is not very much. As I recall, the provision in the legislation is substantially higher than that, \$25,000, but that is a determination of the courts, Mr. Martel, and agreeing with you does not help the matter.

Mr. Martel: No, but you could make some input to the Minister of Labour maybe next time around and say, "Let us increase this to \$500,000." I guess what I find so perverse in the whole field of health and safety is that people's health and safety do not matter a hell of a lot in the final analysis. It is chicken feed. You look at the number of fines and prosecutions, willy-nilly.

Mr. Sylvester: That is only a small part of the cost really because it is the contractor in that situation who will really cause all of us problems.

15:30

Mr. Martel: It is right across the field. Look at construction, at mining, at the industrial sector; the fines are almost minuscule. We would throw somebody in jail for a year for stealing from a bank and think nothing of it, but you can kill somebody and the fine is \$2,000, \$3,000 or \$4,000. You can maim someone for life and it does not matter a hell of a lot.

Mr. Philip: You go to jail if you happen to get drunk, get behind the wheel of a car and do the same thing to somebody, which is what should happen here.

Mr. Martel: I do not dispute it; I am just saying there has to be something. The costs have not been enough. Although people are squealing that Elgie is charging them too much money to run the compensation board these days, I do not believe it. If it gets to be enough, people may take it seriously and say there is only one solution for it: cut down accidents. When the price gets high enough, then we may get serious about it, but what we are

doing now is still peanuts. Obviously, \$7 million a year is not enough. I do not know what we have to reach as the bottom line for people to get serious.

It is unfortunate, people do not want people to be safe on humanitarian grounds. The real push will come when it hurts so much in the pocketbook that it cannot be afforded. Then we will get serious about it and only then.

Mr. Chairman: Are there any further comments? Mr. Byrne, would you like to make any comments?

Mr. Byrne: Yes. Although I can agree with a lot that Mr. Martel has said--and he has brought in some very good ideas, some of which I like--we must not lose sight of the fact that over the past 15 years, a lot of work has been done by labour working on construction safety. There are a lot of business managers out there who have done their job. I do not want to get the opinion across here that nothing is being done.

We have 12 construction association groups across the province that have representatives from labour and management, and they do an excellent job. That is not to say we are anywhere near satisfied with what is going on. We are not. It is a very difficult situation, and I am sure we will try to find some of the answers.

The matter of funding is a difficult thing. Certainly, labour wants to be more involved in every aspect. We have been involved so far only with labour-management groups. I have been in the labour movement full-time for 22 years, and it is the best labour-management co-operation I have ever seen. There are sincere people from both sides on those committees who are trying to do an excellent job. I want to make this point very clearly, because we may have been missing it up to now. We have not had the input we should have. I agree with that. I agree that some of our people have looked at those movies and they have been part of the okaying of them. However, the point they made may not cover the whole area for everybody responsible. I will have to accept that. That was before my time. I assure you that the people who looked at those movies were doing the very best they could. They wanted to get a message across.

Let us take asbestosis as an example. We were told as late as 1970 that there was no real problem there. I can take you to jobs I know, hospitals that had it sprayed, where people were told, "No problem." We had to believe somebody. Do not forget that in those times children were also making models in the classroom out of asbestos. Then all of a sudden we realized the problem, and we have tried to answer the problem. We have done the best we can by putting it over in the media. You have to realize sometimes there are only three people on a construction site. It is very difficult sometimes to get everybody together.

I assure you the experience I have had with the labour-management group has been an excellent one regarding safety. The people on there have been sincere, and both labour and management have done the best they can. There can be improvements and we will make sure there are improvements. Mr. Epp has given us the suggestion that perhaps labour should be involved all the way from the top to the bottom. We agree with that. No problem there. However, we are probably the only group that has had such a working relationship within construction safety. I do not think there is anybody else who has had labour as involved with management as we have done.

There are things to be done and we are going to do them, but let us not lose sight of the fact that an excellent job has been done over the past 15 years through a working relationship to try to do something to improve the terrible thing that is going on in construction, and that is the accidents.

Mr. G. I. Miller: How closely is management working to promote safety? Not being connected with small companies all that much, I notice the accident rates of large companies and the number of days they have been accident-free, and I am trying to point out that the accident rate is detrimental; it is a cost. Mr. Martel has made a great point on behalf of labour, that it has to be the bottom line before you make them realize that.

I do not believe that. I think the cost is part of the operation, and nobody wants the cost to go higher. They want to keep it down so they can be competitive. I suppose larger companies are co-operating. What about the smaller companies? Is there good co-operation at the management level to make the points between the employees and the employer to do a better job and to emphasize that it will cost us all money if it continues?

The bottom line is that it cannot continue. They cannot continue to operate companies and pay those high costs. I do not know whether you have zeroed in on that and can give us any figures to indicate improvements. I would be interested in hearing your comments on that and on any improvements.

Mr. Sylvester: The last analysis we did pointed out that if the 20 per cent of the contractors in this province who are contributing the major problems to our record were not part of the scene, our frequency rate would be better than that in fixed industry, where you have a controlled environment. The construction industry has made progress over the years. I am not saying we are there by any means. We have 5,000 problem companies with which we are trying to deal, and that is the group we have to home in on. That is exactly your point.

How do we reach these people? It is a difficult thing. We try to do it with experience rating so they have a financial motivation. The Ministry of Labour tries to do it with its application of the law and the fines associated with it. We try to motivate them on television and through training. It is a massive problem but one we are trying to address.

Mr. Chairman: Are there any other questions? Do you gentlemen have any additional comments you would like to make?

Mr. Lear: Yes. Trevor Byrne has said most eloquently more than any one of us is able to say on the subject, but I have to say too that one cannot help agreeing with almost everything Mr. Martel says, because we do feel there should be more we can do. We do keep on trying, but it is a situation somewhat akin to that of crime prevention. There are an awful lot of honest people in this country; nevertheless, we have to have a police force because of the dishonest people.

By the very same token, there are a lot of contractors who are trying to do a better job and there are others who are not. Obviously, the ones who are trying deplore the attitudes and practices of the ones who are not, if only because it means that it costs us all more in levying, accident payments and that sort of thing.

Concerning some of the examples Mr. Martel has raised--the crane swinging above his head in Ottawa and that sort of thing--I am afraid that will happen; and there is no way the CSAO can police every single situation that may cause a hazard, but it is trying and it will keep on trying.

Mr. Chairman: I thank all of you gentlemen for appearing before the committee today. We appreciate it very much.

Is there anything further the committee should be discussing?

Mr. Philip: Is there any way to get an air-conditioned room for tomorrow?

Mr. Chairman: I do not think so. We will try to have the air-conditioner running for a couple of hours before we start.

Mr. Philip: I feel my health and safety are being affected.

The committee adjourned at 3:40 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gregory, M. E. C. (Mississauga East PC)
Harris, M. D. (Nipissing PC)
Miller, G. I. (Haldimand-Norfolk L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitution:

McLean, A. K. (Simcoe East PC) for Mr. Gillies

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Office of the Chief Election Officer:

Bailie, W. R., Chief Election Officer
Tam, P., Finance Officer
Goodwin, J. D., Chief Financial Officer
Wells, L., Chief Election Clerk

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor
Peall, G. R., Director, General Government Branch

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, September 30, 1986

The committee met at 10:26 a.m. in room 230.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1984-85
OFFICE OF THE CHIEF ELECTION OFFICER

Mr. Chairman: I apologize for the delay in getting under way. I am going to see a quorum.

Mr. Wildman: I have heard predictions about the demise of the Tory party, but this is ridiculous.

Mr. Chairman: Thank you for your input.

Mr. Philip: They are not as scarce in this committee as they are in (inaudible).

Mr. Chairman: Mr. Bailie, would you like to come forward at this point with anyone else from your office who might wish to join you? Would you like to identify your colleagues for the purpose of the record?

Mr. Bailie: Yes. I have with me today my assistant, Loren Wells, the chief election clerk, on my left; Peng Tam, our finance officer, on my right; Jim Goodwin, the chief financial officer, on her right; and Jim Whelan, our administrative assistant, just behind us.

Mr. Chairman: Do you have an opening statement.

Mr. Bailie: Yes. I am advised that you have before you the auditor's report and my reply to that report. The report and my reply deal substantially with the fees paid to suppliers for two forms, two of the most costly items in our list of printing, as a matter of fact. If you will permit me to do so, I will make an opening statement and then I or staff members will endeavour to answer any questions you may have for us.

In regard to the price established for what I will call "vote at" cards, because that is the term that you heard used most in the campaign, I ask the members to consider and keep in mind four important points: the timing of this addition being inserted in the Election Act; the time in the election period when it has to be handled; the fact that printers are at their busiest time during elections; and the fact that returning officers are facing their most critical deadlines.

This addition to the Election Act was suggested, without any prior consultation with our office, a day or two before the act was passed on December 14. When printed copies of the bill were made available, the rather brief wording of the section was studied carefully by the senior staff, and we had questions we had to deal with. We then took note of the wording of clause 19(3)(e) of the act, which gives very few details. I endeavoured to meet with the opposition House leader, now the government House leader, Mr. Nixon, to find out exactly what he had in mind in making the recommendation to the committee.

By this time, members were taking holidays, because it was almost Christmas; so early in the new year efforts were made to contact the three House leaders to deal with this question of how we would approach this section. We wanted to meet with the opposition House leader first because, it being his recommendation, I thought that was the correct thing to do. It was near the end of January before we were able fully to discuss the matter with the opposition House leader and the other two House leaders.

Following those meetings, a stream of activity took place in my office, where we conducted studies of samples of the card from Elections Canada, the instruction sheets used, the printing specifications and the prices established. The reason we centred on those matters and that office's work was that Mr. Nixon pointed out to me in an elaboration that he had in mind a card and procedure as used in federal elections.

Meetings were arranged with the federal election officials and federal returning officers to find out what difficulties, if any, they had and what we would need to watch out for. We received a great deal of advice and information on how to handle the cards at election time. Discussions were also held in our office to see how we should or must interpret the act, because we are giving a notice of enumeration to each voter at present and we wanted to see whether it was possible that the House leaders might agree that the present practice covered the new wording. It was judged not to be the case, and we were directed to get on with this new project.

We then held meetings with post office officials to discuss uniform procedure for mailing the cards. As you might expect, with 125 offices, we are now going to be dealing with somewhere in the neighbourhood of 100 post offices. Many meetings were held with the post office to discuss the procedure, and that was very important because we wanted to get the best price. When we started to talk to them, they said, "You are faced with a price of from 27 to 37 cents a card, depending on what arrangements we can agree to make." There was a need to make some adjustments to our plans, which had already been put into place, to realize some of these savings.

The other concern I had was the need to make some adjustments in the returning officers' busy schedules. This card impacted on them at one of their busiest times. For example, arrangements had to be made to get the cards printed, addressed, checked and delivered to the post office. We were not going to be able to put them into the nearest red box, as some had thought would be handy. In fact, one of our returning officers had to drive a fair distance outside his electoral district--at least one, and I presume there were others--to get to a distribution centre that was approved for these cards.

No fewer than 20 meetings were required to settle matters with the post office before, during and following the election. While all this was going on, we were involved with work on the electoral boundaries distribution, which complicated things somewhat. All in all, it was a rather busy time, as I am sure you will agree.

For the first time, enumerators had to be instructed to list postal codes. At this point, we had no preparation in the design of the form they use at the door or the form they use in the typewriter for the listing of postal codes; so special instructions had to be given to enumerators and sheets had to be prepared to assist returning officers in taking care of that. Additional supervision of enumerators in their typed list and postal code information requirements was necessary. Returning officers had to arrange for a group in

the community or to hire additional staff to handle this work. In any event, the persons addressing the cards had to be carefully supervised.

We learned that post office requirements for handling the cards was an additional problem because cards had to be sorted in certain ways. In one area we were told we had to sort them one way and in another area another way. There seemed to be quite a variety of approaches, depending on each office. The cards had to be placed in a particular container with coloured cards separating them and so forth. Some of our returning officers were told they had to sort them by only the first three numbers of the postal code and some were told it had to be done by all six numbers. Once the cards were prepared, they had to be delivered to the post office, which did not pick them up. I did hear of one case where they did, but that was just one.

The time in the election period when it had to be handled was critical for us because the time when the cards have to be ordered from printers is a time when the parties and the candidates are putting considerable demands on printers. Those of you who have been candidates can appreciate a comment I heard from one of the campaign officers, who said there is a period of time when campaign officers are throwing blank cheques at printers in an endeavour to get one more piece of printed literature to the voters.

Mr. Wildman: Only Tories do that.

Mr. Bailie: Clearly, it is true that the printers were at their busiest time and, as I found, in a most independent frame of mind. The returning officers faced critical deadlines about that time too. It was necessary to have the cards go to the post office. The cards the post office returned as "Not known at this address" had to be rechecked against the original list, readdressed and returned to the post office, during a busy time when returning officers were dealing with such matters as the nomination of candidates; the printing of ballots; conducting advance polls in the returning office, which we now are doing for the first time; instructing area advance poll officials; checking off names of advance poll voters on the list going to regular polls; getting sufficient official nominations from political parties for poll officials; finalizing the assembly of the regular poll supplies; instructing deputy returning officers and poll clerks and then finalizing the polling place arrangements, among a myriad of other things they are doing at that time.

I want to make sure I do whatever I can to put you in the picture that we found ourselves in when we were working on this new project and that returning officers would find themselves in. I or my staff will be pleased to answer any questions that are put to us.

Mr. Philip: I have been through four elections, not to mention others that I helped other people with. Considering the tremendous problems with private printers at this time, and considering the fact that the Provincial Auditor's lower quotations were based on the cost of Queen's Printer prices, why would you not print the cards in an environment you could control, namely, have the Queen's Printer print the cards?

Mr. Bailie: To answer that question, it would probably be best to give you copies of the cards. Cards had to be printed giving the poll location on each card. In other words, the cards were printed as to background in larger quantities and then they had to be reprinted in quantities of a couple of hundred for each poll. To organize that at a head office level through the

Queen's Printer for areas such as Mr. Wildman's area and so forth, time would not permit getting them back and forth.

Mr. Philip: Are the original cards done by the Queen's Printer?

Mr. Bailie: No. The original card is done by the printer and then the poll locations are stripped in and they are run through the press. There is a small--

Mr. Philip: In the local area?

Mr. Bailie: Yes, in the local area.

Mr. Philip: Have you investigated having at least the original card done by the office of the Queen's Printer?

Mr. Bailie: Yes. We conducted a study that took place from March to July with the manager of contracts for the Queen's Printer, a representative from the graphic arts industry and the community newspaper association. We looked at our forms, the sizes, the price and every aspect of it, and that approach was not recommended. We have some very concrete recommendations from the Queen's Printer that we are going to incorporate into recommendations we have from returning officers.

Mr. Philip: On what grounds?

Mr. Bailie: There are so many minor details. The returning officer's address has to be stripped in. We do not know the address until a week into the election. Although it is ideal that we know the polls almost from the day the election starts, we do not know each and every one of them. There are some last-minute changes. Some polls are not acceptable. It is about two weeks into the election when this information is known. I am sure you can picture that if we started to get all that information in from our returning offices and then started having--

Mr. Philip: That was not my question. Why is the original basic card not done by the Queen's Printer well in advance of an election and then shipped out to local returning officers for the imprinting of whatever is the current information, since you have to do that anyway?

Mr. Bailie: I am sorry; I did not understand your question. We have looked at it. It could be. Perhaps we should take another look at that approach. In the study, the manager of contracts did not suggest that as an opportunity to make savings.

Mr. Philip: I understand the tremendous restraints you are under in a 37-day election period, perhaps with some inexperienced and new returning officers and everything going on out there, but of the auditor's suggestions for increased economy, which are you able to implement now, having conducted your study?

Mr. Bailie: As I understand it, the auditor's suggestions were that we should look into the cost of these two particular items and see whether savings could be made. We have recommendations that indicate a way in which we can make savings. The Queen's Printer was particularly helpful in this area. In many cases, the prices will probably be much the same, but there will be opportunities for savings where someone uses offset printing and does not make an actual printing plate.

10:40

The recommendation from the manager of printing contracts, the Queen's Printer, is that we have a rate, and then if a plate is made--because some printers do not have the same facilities as others--there will be a charge acceptable on the invoice for the plate. He has cautioned us to say to any printer that we must have the plate returned to prove the point. Our prices were originally based on the good possibility that a plate would be necessary, but where it is not necessary, we will be able to have that saving as a result of this study.

Mr. Philip: Are you going to table your study with the committee?

Mr. Bailie: Yes, we would be quite prepared to. We have all the elements now. We got the letter from the Queen's Printer just towards the end of last month; so we are now able to pull it together and we will promise to do that.

Mr. Philip: Have the 1984 amendments to the Election Act increased the costs substantially?

Mr. Bailie: Yes. We are probably talking about something in the neighbourhood of \$4 million or \$5 million, perhaps even as high as \$5.5 million.

Mr. Philip: That is simply a direct result of the increase in ridings?

Mr. Bailie: No. I mean those cards.

Mr. Philip: Okay. What about the redistribution? Will that increase it substantially or just in direct ratio to the increase?

Mr. Bailie: Just in direct ratio. We have another million voters to deal with, and there will be additional costs of opening additional offices. Basically, it costs about \$3.75 per voter; so whether we had new ridings or not would not make a great deal of difference. It is the increase in voters, which of course is related to the other offices having to be opened too. It is mostly the increase in voters that puts up the cost.

Mr. Philip: One of the things returning officers constantly complain about and constantly have to worry about is partisan "vote at" cards in the returning booths. Have you noticed that this was less of a problem in the last election as a result of the nonpartisan "vote at" cards that were sent out? I suppose there is no way of measuring it. It varies from one riding to another, depending on who is sending out what.

Mr. Bailie: It is difficult to measure. That question was put to our returning officers in a study session we had with them on the form, and they said it was their impression that there were fewer "vote at" cards but that overall there did not seem to be a great deal fewer. We had hoped that if we went through this procedure, it would reduce the number of "vote at" cards being left in the poll. There did not seem to be a great deal of difference, but they did feel there was some difference.

Mr. Philip: A number of candidates from all parties--and I think we are all guilty of this--have their own "vote at" cards with their own names and pictures on them, saying, "Take this with you when you go to the poll" or

something like that. It is a reasonable thing to do from a very partisan point of view. You want the last thing the person sees when he goes into the polling booth to have your candidate's name on it. Do you think this should be outlawed now that you have the nonpartisan "vote at" cards?

Mr. Bailie: From a strictly administrative point of view I might lean towards that, but I have been a deputy returning officer and I have been a returning officer, both federally and provincially. If people do what they are supposed to--in other words, check the compartment from time to time, because there are several other reasons they should be checking them quite often--it does not really seem to be a serious problem. You hear about it because it sounds like a direction to voters, but I would be reluctant to recommend any additional regulations. However, I would not object to it if it were passed.

Mr. Philip: During the last election there were a number of incidents of people wearing badges with the candidate's name in there. As a matter of fact, the police had to be brought in to a couple of ugly situations in the west end, as I understand it, not in my riding.

The opposite is the overzealous returning officer who tells a candidate or a candidate's representative that he may not wear a little piece of ribbon or paper. When you are pulling the vote, you have to have some way of identifying who is on your side and who is you getting the lists. I wonder whether some instructions, at least, can go out this time. I realize this is not a public accounts item, but it is a way of asking you a question since you are here. There should be a nonpartisan way to advise people that they should not be using party colours but to identify who is on your side in the polling booth so that you can pull your vote.

Mr. Bailie: It is an area we feel we must watch closely and we have had good co-operation from the parties. We sent out instructions and we have created a badge to identify poll workers and campaign workers--scrutineers, that is; I should point out that it is limited to scrutineers. I think it works well. We do not have too much of a problem. There are isolated cases.

I remember visiting a poll in your electoral district and I had to point out to a couple of people who got a little excited and who were helping voters into the poll that they still had on rather large badges. They were most co-operative. The fellow said: "Oops, yes, I remember that. Sorry." He turned around and left. I know it might offend some people, but I do not think it is a serious problem. It is something we have to watch. We need the co-operation of all three parties and we are getting it. I think it is a manageable problem.

Mr. Philip: I have said this before in the Legislature, but I must compliment you on the way in which you have handled yourself and your office in a completely nonpartisan manner. While we may have some questions about the public accounts aspect, we certainly do not question that you have done an excellent job in your position. We hope you know you have the support of our party and, I think, of the other parties in the Legislature and our heartiest congratulations on the job you have been doing.

Mr. Bailie: It is a team effort. I cannot take all the credit. Thank you.

Mr. Wildman: As you indicated, the notice-of-enumeration cards was a decision made by the Legislature which was predicated on the hope that it would increase voter participation. The Provincial Auditor found that the

effects on the 1985 election were not significant, in that voter turnout did not seem to be any different. The auditor pointed out that in the 15 general elections dating back to 1934, the range of voter turnout has been, on average, 58 per cent to 74.1 per cent and the voter turnout in the 1985 election was 61.5 per cent.

You may not be able to answer this, and I will understand if you cannot, but I would be interested in your view of whether, in the first instance, it did not appear to have any great influence on the number of voters participating in the election. Do you think this practice should be continued or should the Legislature consider changing it?

Mr. Bailie: That is quite a question, because it gets into the area of policy, my providing you assistance on this. I really have to be careful.

I know Mr. Nixon said, "Warren, I think it will increase voter participation or it has the potential to." For instance, we do not know whether in that particular election voter participation might have been lower than the average and this, in effect, did have had a very beneficial result.

The other thing we detected in our meetings with returning officers was that it smoothed operations in the polls. A greater number of people came in and were able to identify themselves more quickly. If they had a name that might be a little difficult, they were able to say, "Here is my card." It smoothed operations in the polls. It is a minor benefit, but anything that goes towards that is good.

10:50

We did not seek this legislation, but one of the things it does is to cause us to tighten up our operation a little more vis-à-vis the selection of polls. We have to be at that job a little earlier and to be a little more careful about it. I think it has a beneficial result there. As to whether it is cost-effective, I would not disagree with the auditor when we look at the vast amount of money it costs. The postage alone is something around \$3 million. It is difficult to tell whether you could justify it on a cost-effective basis.

Mr. Wildman: I would like to look at a more recent example, the Cochrane North by-election. You realize there were serious problems in the far north, and when we talk about Cochrane North, we are talking about the far north. The voter turnout in the far north was really poor. In one poll, nobody in the community voted. Obviously, this procedure had little or no effect in that situation. Have you investigated the problems that occurred in the far north in the Cochrane North by-election? Do you have any explanation of what happened?

Mr. Bailie: As a matter of fact, I was speaking to the returning officer this morning. As you say, in one poll no one voted, but there were other problems there.

Mr. Wildman: Sure. That was Winisk and there had been a flood.

Mr. Bailie: They were relocating the town. It would be difficult to judge. The returning officer is scheduled to come in and go over several matters and I will be glad to see if we can get any sense of how the "vote at" cards affected the turnout there.

Mr. Wildman: On the other side of that coin, in that by-election, did you experience the same kinds of problems you identified as having occurred in the 1985 general election with the timing, getting the printing done, the costs and so on, in a riding where the election worker is more used to the procedure and able to effect some of the cost savings and get things done in a more efficient way?

Mr. Bailie: I believe that is true. I feel it is very important for the committee to understand this, and I tried to go over it very carefully with the auditor. We have quite a variety of returning officers. In Cochrane North we have a young man who is an accountant, a very well organized individual. He takes arrangements that other people would not be able to see. They operate more smoothly there. We have other places where someone was a housewife until she was appointed a returning officer, and dealing with printers is a new experience for her. The printer says, "I am sorry, we cannot deliver them until the day before the election," and she thinks, "Maybe he is the boss." We have difficulties here with the variety of officers.

Mr. Wildman: Frankly, I would question whether things went as smoothly in the operation of the Cochrane North by-election as you seem to be indicating. That is certainly not my information.

Mr. Bailie: I was referring to the cards.

Mr. Wildman: I was not talking about the political aspect either; I was talking about the operation.

Mr. Bailie: I was referring only to the cards.

Mr. Wildman: By the way, who appoints the returning officers?

Mr. Bailie: The cabinet; the Lieutenant Governor in Council.

Mr. Wildman: With redistribution, I guess they will all be new returning officers, or they could be.

Mr. Bailie: They will all be new appointments, whether or not they will all be new returning officers. At present, as of this morning, when we got a record of an order in council, we have 17 appointed, 10 of whom are former returning officers.

Mr. Wildman: Can you give me some indication of the total cost of the Cochrane North by-election to the taxpayers and to your office?

Mr. Bailie: No, I cannot. We do not have the final costs yet. Could we send that along?

Mr. Wildman: Do you have an estimate of how much it was? I would appreciate the final figure when you have it.

Mr. Bailie: I will ask Mr. Goodwin or Ms. Tam to answer that. I can tell you from my understanding and experience that we are talking about \$150,000 or \$160,000.

Mr. Goodwin: For the election prior to that, I think it was \$129,000 or \$130,000, and this time it was a little more than that.

Mr. Wildman: We are talking in the neighbourhood of \$150,000.

Mr. Goodwin: Yes.

Mr. Wildman: Are your expenses or the expenses to the taxpayers affected by the number of candidates in an election?

Mr. Bailie: In a very small way. It would increase the cost of printing the ballots and copies of the list. If you are talking about the cost of an election, say it was \$150,000. If you had twice as many candidates, it would be \$155,000.

Mr. Philip: Why would it increase the cost of printing the ballots? If you have one name on it or 10 names on it, you still have one plate. Conceivably, if you had 24 names, you would end up with a larger ballot, but that would be unusual.

Mr. Bailie: We have a certain size of papers--about 11 by 17--and out of that we get eight ballots. If there are twice as many entries on it, we get four out of it. They put them on the press four or eight ballots up, depending on the printer. He would put it on two or four up so that the press run would be twice as long and we would charged accordingly.

Mr. Wildman: Did you follow the advice of the auditor with regard to the copying of the electors' lists in the Cochrane North ballot?

Mr. Bailie: As I understood it, we have analysed the auditor's advice on this and our committee was just meeting at the time these two by-elections were called. We have not put a new schedule of fees into effect. In other words, the suggestions we have from the auditor have been investigated--they are worthwhile suggestions and we are looking at them carefully--and will take effect when we go to cabinet for a new schedule of fees.

Mr. Wildman: Can you answer this question: Do you agree with the auditor's suggestion that, since there is little difference in quality of photocopies and printed lists, using photocopies would be considerably less expensive, particularly when you are providing lists to candidates?

Mr. Bailie: No, I do not agree. I am a printer of 20 years' experience and I suggest that statement is not correct. It is far from correct. I have examined a great number of lists and there is quite a variety and quite a difference between a list that is run off on an offset machine and one that is run off on a copier. This is not true in every case but I can show one voters' list where the paper has gone askew and the numbers of the voters have been missing off the edge. Right down near the bottom there will be a name and just half of it on. I can find some agreement with practically everything else in the auditor's report, but with that I can not. Careful examination of more voters' lists would show that such is not the case.

Mr. Wildman: Does the auditor want to comment on it?

Mr. Archer: Gary, would you like to?

Mr. Peall: We did review them the same way Mr. Bailie did and we still felt there was not that big a difference in quality. We have also reviewed some of the findings of his task force looking into the prices and it felt that photocopying was not only of equivalent quality but was more efficient because the collating process was much faster. A printer would have to be collating separately. We still feel there is a lot of merit in

photocopying. The key merit is really in the bigger ridings where you have more selection of suppliers; in Toronto and the major centres where you have more voters, the cost of lists is much greater.

Mr. Wildman: When you say "bigger" you mean population. When we say "bigger" in the north, we do not mean that.

Mr. Peall: I am speaking only in terms of numbers and that is what reflects the cost of the list. In the key ridings, at least in the key ridings in terms of size, where the costs are going to be greater, you have more opportunity to effect savings because you have more suppliers to go to and the copying quality in those areas is likely to be much greater than you might find in a northern riding where the selection is less. I am saying that is only a possibility. There may still be equal opportunity.

Mr. Wildman: You will find that the candidates' organizations end up photocopying the lists anyway.

Mr. Bailie: True, but they should have a good copy from which to make their copies. If they have a copy that is, in any way, of poor quality, then when they go to make a copy of it you get a copy of something less than you need. I will qualify my earlier statement; the technological advances being made in the printing industry and especially in photocopiers--which is the point the auditor is making--do point to the greater possibility of that recommendation being important to us. Advances are definitely being made in that kind of equipment all the time.

11:00

Mr. Wildman: Do you have a task force on the reproduction of electoral lists?

Mr. Bailie: Yes, it has just finished. We are compiling the report.

Mr. Wildman: So you do not have the findings at this point.

Mr. Bailie: No. We do have the findings of that one, but we had three groups studying it--returning officers, the Graphic Arts Industries Association and the Canadian Community Newspapers Association--along with the Queen's Printer, and we have surveys taken from other provinces. They have to be collated now.

Mr. Wildman: You did not have the benefit of that for the Cochrane North by-election?

Mr. Bailie: No, it is coming to fruition now.

Mr. Wildman: Will these changes, or the proposals of this task force, affect the costs and the process of reproducing electoral lists?

Mr. Bailie: Yes. The preliminary look I have had at it indicates that the suggestion was a good one. We have looked at it very seriously, and I think there will be savings. We may end up paying almost the same for some of the forms at a given printer, but we will get a bill from another printer for a standard amount and it will not include the costs of a plate. There will be a direct saving in that poll of \$9, according to the recommendation. Overall, there will definitely be savings to the public.

Mr. Wildman: Will that also include the mailing of the cards? For instance, did you encounter similar problems in the Cochrane North by-election to the ones experienced in the May 1985 election?

Mr. Bailie: One of the problems the auditor and I discussed was the fact that the effectiveness of the system was challenged because a lot of cards were returned. We had very few cards that were not addressed properly and, in effect, were then returned by the post office in Cochrane North. I did get that report this morning.

Mr. Wildman: Except that a lot of people did not vote so maybe they did not bother sending--of course, they were post office returns.

Mr. Bailie: Yes, returns from the post office saying, "Not known at this address."

Mr. Wildman: What was the percentage of turnout in the Cochrane North by-election?

Mr. Bailie: I have forgotten, but certainly a great deal lower than it was in the last election.

Mr. Wildman: It was very low. Is it fair to say in the 30 per cent range?

Mr. Bailie: We think 35 or 40 per cent.

Mr. Wildman: You had a very low voter turnout, very little interest in the by-election and some serious problems in the far north with the operation of an election when you were operating only one by-election. Are you going to look into the problems of ensuring adequate participation in the electoral process in the remote areas of the far north to ensure that the kinds of problems we experience when we are running only one by-election are not compounded and made worse when we are operating a general election?

Mr. Bailie: When we have a general election, we do not have one election. We have 125--soon to be 130--elections. They are independent elections run by returning officers.

Mr. Wildman: Some candidates operate that way too.

Mr. Bailie: The problems are not necessarily compounded. The only difference in a by-election is that we do have more staff time at the office of the chief election officer to assist the returning officer as required.

Mr. Wildman: That is what I was referring to.

Mr. Bailie: Basically speaking, the returning officer runs the election. If you look at the Election Act, it does not state that the chief election officer runs the election; it says the returning officer receives a writ to do this, do that and so forth. We assist them.

Mr. Wildman: Surely the problems encountered in the far north in that constituency raise concerns about ensuring that we do not have a repetition of the difficulties experienced. That would apply to parts of my riding, to Kenora, to Lake Nipigon and, to a lesser extent, to Rainy River.

Mr. Bailie: Yes. The problems we experienced in the north are being

watched very carefully. Ms. Wells and I had a meeting with the chief of the reserve and I met with the returning officer. We have not decided exactly what we are going to do to overcome these problems, but it is a matter of transportation and communications. We are going to try to tighten up the system.

Mr. Wildman: I would appreciate it if you could let us know what progress you are making in that area.

I will close by saying I believe the people of Winisk showed a great deal of sense by not participating in that by-election, particularly when we consider the cost to taxpayers of this province of \$150,000 or \$160,000.

Mr. Philip: May I ask one quick supplementary on that?

Mr. Chairman: One quick one.

Mr. Philip: Forgive me, but you left me confused. We will have a report to do. We will have to decide whether or not you have adequately met the requirements of the suggestions of the Provincial Auditor.

What I hear you saying is that you have a study, but you just got the study and you are not quite sure which recommendations you are going to implement. Can you supply it to the committee? We can look at it at a later date to see the list of the recommendations of the Provincial Auditor and a list of those recommendations you intend to implement; also, how much you project you will save as a result of implementing those, along with a list of any other recommendations coming from your report which you intend to implement, which the Provincial Auditor had not thought about, and what savings will result from that. Also, can you supply us with recommendations, if any, of the Provincial Auditor you do not intend to implement and why? If we could have that, we would be in a position to deal with it. Right now, I do not know what I am going to say in my report on this session.

I appreciate you just got your study in. Perhaps it would have been better had you simply advised the committee that you just received the study and you would like a little bit of time to study it. We could then have had you report to us later. Right now, I am not sure we are making very much progress.

Mr. Bailie: Okay. That information can be available in a matter of two weeks. Is that acceptable?

Mr. Philip: In two, three or four weeks, as long as it goes to the chairman. That way, when the committee is writing its report, it will have something it can deal with in a concrete way.

Mr. Epp: I have three things to comment on. Mr. Bailie, with respect to the matter of inside scrutineers, I know you indicated earlier that identification has not been a problem. But would you look at that to see if there is some way of identifying these scrutineers for different political parties in a partisan-nonpartisan way? It would be helpful. I think it would eliminate some of the discussion that goes on within polls. They do not necessarily have to wear the blue or red ribbons, etc., but we could have some way of identifying them so it would be uniform. That is something you could look at.

Mr. Bailie: I am going to ask Ms. Wells to tell you what we have done to date on that.

Ms. Wells: We have a grey and white badge that was used in the 1985 general election. It says "scrutineer" in bold black letters. The scrutineers are issued these badges at the poll. They have a choice of either putting their name or the name of the candidate on the badge.

Mr. Bailie: It is in grey, a neutral colour.

Ms. Wells: I will be glad to send you copies.

Mr. Epp: So if they put the name of the candidate or their own name on it, that is on the poll.

Mr. Bailie: We very seldom have trouble with the scrutineers as we call them in the poll. As it is often described in the campaign, it is the outside scrutineer coming in. We understand the need for that to happen, but that is where the difficulty comes up with the colourful badges. I do not suggest to you it is not a problem. We think it is manageable problem, but it is something we have to watch very carefully.

Mr. Epp: With respect to turnouts, have you looked at the report of Anne Johnston and Gerald Parisiene for municipal elections? Have you looked at some of the recommendations for Sunday elections, etc.?

Mr. Bailie: Yes. As a matter of fact, I was asked to testify before the committee. Ms. Wells and I attended along with the chief election officer of Canada. The three of us attended together. We had an opportunity to go over their report. I think it is quite interesting. I think we are going to see more of that type of thing in our final report and, I hope, in the legislation.

I discussed Sunday voting with my colleagues in Quebec where they did have it for provincial elections just once. They felt it did not produce a better turnout and they abandoned the idea. I understand they have it in their municipal elections and feel it is helpful.

Mr. Epp: They have it in France. I do not know of any other democracy where they have it. I am not sure if they have determined it or not, but I thought it was more convenient. I have not got a determination myself whether I would prefer it or not. I really do not, but let us take a look at it.

One third and last thing. During your selection of new chief electoral officers for the next election, I imagine you will give them an alphabetical test so that they will get the names in alphabetical order rather than all screwed up as they did for my election.

11:10

Mr. Wildman: Exactly the same thing occurred in my last election too.

Mr. Bailie: Yes.

Mr. Epp: I am being somewhat facetious, Mr. Bailie. I appreciate the work you are doing. I know I have talked to you about that matter.

Mr. Gregory: I can appreciate Mr. Epp's concern considering where the election officers are going to come from.

Mr. Bailie, I would first like to congratulate you on this

redistribution. I was one of those who raised a little hell about it in the initial flurry. I for one am quite content. I know there are some who are not and I expect that is how it is going to be. I am content with what was done.

For the Cochrane North by-election--I assume we are talking about Mr. Fontaine--was the percentage of turnout in Cochrane North substantially lower relative to what the average would be over the past years in northern ridings?

Mr. Bailie: Yes.

Mr. Gregory: I guess there are two scenarios there. One would be lack of proper notice, which I think has been suggested. The second would be, as Mr. Wildman mentioned, a lack of interest because of the nature of the by-election. Actually, there was no contest there. I think that is the simple matter. Would that not be the answer rather than lack of notice or lack of information?

Mr. Bailie: Yes. Other than in some isolated cases in the far north, I have no information that there was lack of notice. As I recall--I did not research these figures, and perhaps I should have--by-elections generally do have a lower turnout, although not always. There could be one in which the interest peaks, but generally I think they are lower than the general elections.

Mr. Gregory: In the one previous by-election we have had--was that York East?--

Mr. Bailie: York East.

Mr. Gregory: --was the percentage turnout there substantially better than in Cochrane North?

Mr. Bailie: I believe it was definitely, but whether it was substantially better than the 1985 York East general election would be an interesting thing to look at.

Mr. Gregory: Yes. That would be a direct comparison. Because it was a by-election, it probably would be a little lower. We can expect that, but not as low proportionately as the one in Cochrane North. Perhaps one could speculate that the people did not regard that as a real election.

Mr. Bailie: I would not want to.

Mr. Gregory: No. I think Mr. Wildman and I share that.

Mr. Wildman: You might not want to say that, but I think Mr. Gregory and I are on the same wavelength.

Mr. Gregory: I think so on that one, but then it was only \$150,000. It was only money.

In the matter of the deputy returning officers, when you have a redistribution, is it a requirement of law that all returning officers be replaced?

Mr. Bailie: What happened was the Premier (Mr. Peterson) asked me for an opinion on what effect the legislation setting out the new boundaries had on returning officers' positions. I researched the matter carefully and

sent him a letter pointing out to him that when the boundaries were passed we had 130 entirely new electoral districts. The requirement of the Election Act is that the Lieutenant Governor in Council appoint a returning officer for each electoral district, effectively meaning that there are no appointments now in effect. I then gave the Premier my recommendations on who should be appointed, and they are being dealt with. To date, we have 17 appointed.

Mr. Wildman: Does that also apply in practical terms to ridings that were not affected at all by redistribution?

Mr. Bailie: Yes. I had a legal opinion from the former chief election officer, Mr. Lewis. He stated that opinion quite clearly, and I had two independent legal opinions on it. The one agreed with Mr. Lewis that all electoral districts were affected, whether there was any change with them or not. One other legal opinion did suggest that if you were to study the Interpretation Act, a case could be made that if there was no change in the boundaries and no change in the name at all, the appointment could stand.

Mr. Wildman: In the case of mine, for instance.

Mr. Bailie: Most authorities on elections do not agree with that.

Mr. Gregory: I find it hard to understand why.

Mr. Bailie: So do I.

Mr. Gregory: That was one of my questions, Mr. Wildman. Thank you for helping me with it. I will ask it in a different way.

I find it difficult to understand, in a riding whose boundaries have not been changed in any way--and because of that, of course, there is no population change--what case could be made for changing that returning officer.

Mr. Bailie: The wording of the Election Act, in the opinion of legal counsel I have had, makes it very clear. I will quickly leap to another conclusion. You can surely imagine how I feel about the possibility that I could end up with 130 brand-new, inexperienced returning officers. If there were any way I could have shown the Premier that such was not the case, I would have looked into it; but having received three opinions on it, I thought it was very clear.

Mr. Gregory: This was not the same legal counsel who helped Ms. Caplan and Mr. Fontaine, was it?

Mr. Bailie: No. It was independent legal advice.

Mr. Gregory: Presumably, you have submitted a list of recommendations of names to the cabinet. I have to assume that if a riding was not changed, your recommendation would be substantially the same as the existing appointment. Is that correct?

Mr. Bailie: Yes, provided I felt the returning officer had served us well and could continue to do so.

Mr. Gregory: So it is not fair to say that all returning officers are going to be replaced.

Mr. Bailie: No. As a matter of fact, we have 17 returning officers

appointed to date. Ten of them are experienced returning officers, nine of whom were appointed by the former administration. Out of 17, I would say this indicates the contrary, that there will not be all new returning officers.

Mr. Gregory: Quite apart from partisan thinking--and I do not mean it that way--when you run in as many elections as Mr. Wildman and I have, you become accustomed to the returning officer, whoever he or she is. To tell you the truth, I do not know what party my returning officer leans to; I have no idea at this point. I have never inquired. But you become accustomed to working with him. I see a great danger here that we are about to see some change for change's sake, which in an established riding like my own could probably create some difficulties when it is not necessary to have these changes. If I found that my returning officer had been a screaming communist, but had done a good job, I would say, "Leave him alone." But there is no control apart from a cabinet whim, I suppose. The cabinet's whim is going to determine this.

Mr. Bailie: I naturally agree with you that, especially in an area like yours, which is rapidly developing, it would be a great comfort to me as the chief election officer to have a returning officer who knows the area well and is experienced. Your returning officer happens to be one of our best. However, the legislation is quite clear and this is the decision of cabinet. To this date, I am pleased with the careful approach that the staff in the cabinet office are taking with these recommendations. Only one returning officer has been replaced in those 17 appointments, and that returning officer did not have my recommendation.

Mr. Gregory: From what you have said about my returning officer being one of your best, can I assume he was your recommendation?

Mr. Bailie: Yes.

Mr. Gregory: We will have to wait and see whether he accepts or not.

Mr. Bailie: The cabinet no doubt has many people who make recommendations to it.

11:20

Mr. Gregory: Was he reappointed?

Mr. Bailie: No, he is not on that list. One of the other considerations you should be aware of is that your returning officer does not live in the electoral district. I do not know if you are aware of that.

Mr. Gregory: He did not at the time. I understand he does now.

Mr. Bailie: As a matter of fact, I just spoke with him yesterday and he lives only a block out. One of the considerations is--

Mr. Gregory: He moved into an area I just lost, in other words, did he?

Mr. Bailie: Perhaps.

Mr. Gregory: I see.

Mr. Bailie: But the point is he is a good returning officer and he

has my recommendation. I am sure my recommendation will be very carefully considered.

Mr. Gregory: Yes. Does the fact that they do not live in the riding eliminate them?

Mr. Bailie: No, it does not eliminate them. It is just that they are in the process of trying to decide who is the best person for the job. It is one factor.

Mr. Gregory: In the areas where it will require a new appointment, whether it be the same one or a new one, are the positions advertised?

Mr. Bailie: No, I do not believe they are, if you mean advertised in the newspaper. Is that what you refer to, Mr. Gregory?

Mr. Gregory: Yes. Is there some way of notifying the public that this position is now vacant and there will be a new appointee?

Mr. Bailie: No, I do not believe there has been public notice. There has been notice given, I know, because there have been comments in the press and I have received a great deal of mail from people who show an interest in being considered for a returning officer position. The cabinet officers who spoke to me talked of that being one of the possibilities they were considering.

I had considerable concern about the fact that on a certain date there would be 130 open positions and I prevailed upon them to choose a method that would be quicker. I may be guilty of touting them off, as it were, that system. I may have to take part of the responsibility for that. I felt that when we had 130 open positions, public advertising would put our office at some risk when we are in a minority situation. However, I made it clear to them, that if they were at all interested in it, I thought it would be a good approach for future vacancies.

I described to them how it is handled in Quebec, where it is advertised. The cabinet officers go through and make a short list of three, and the chief election officer then decides which one of those three will be appointed. I described that, and they showed considerable interest in it. Time was a factor in this situation and I certainly did not recommend it. I want to be frank with you; I did not recommend the public advertising for this situation, although I think it is a good idea for the future.

Mr. Gregory: I do not know how much good it will do, but it seems to me that something should be done. What is the salary of a returning officer?

Mr. Bailie: The returning officer receives a fee for certain duties. We have a copy of the schedule of fees here. It is a fairly complex thing that we can distribute.

A returning officer is paid a personal fee of \$2,400. These are the fees that were last approved by regulation. Then they receive an additional 12 cents a name for each voter on the list. That is to reflect, for example, Scarborough North being so large compared to Bellwoods. Then they receive 13 cents a name as a secretarial allowance for each name on the list. That is to take care of the hiring of staff and so forth. For each item, if they come in for a course of instruction, they receive \$115 for the day plus their expenses.

Basically, with a returning officer in an election, you need to know which one. For example, in Scarborough North, during the preliminary duties leading up to the election itself, the returning officer would receive something like \$60,000. Out of that, he would have to pay staff salaries of \$20,000 or \$30,000, maybe more, depending on how efficiently he operates. In a smaller riding like Bellwoods, the returning officer would receive, say, \$20,000 and, depending on how carefully she was able to manage her resources there with the smaller number of voters, for her eight weeks of fairly intensified work, working 10- or 12-hour days, she would end up being able to retain something in the neighbourhood of \$8,000 or \$9,000.

We could tell you exactly what each returning officer got and how much they got to keep. I have been a returning officer and I can tell you that sometimes you work on a project and it does not turn out right. You do it over again and the staff salaries eat into the available resources.

Mr. Gregory: So the one that is the least efficient, in other words, and hires the least staff and the worst staff is liable to make more money.

Mr. Bailie: Yes. I remember a most interesting story to demonstrate how this works concerns Paul Godfrey's mother, who was a returning officer. She was a pretty well organized individual. For years, she had a lady who was her office manager-election clerk. As soon as the election was announced and they knew the number of voters, she would say to her assistant, "Ethel, we are going to use the same system as before." They would take that secretarial allowance and would work on the election, sometimes doing secretarial work themselves, because sometimes to do a secretarial job, by the time you have explained it to somebody else and checked the work over, if it was a small item you could have done it yourself.

They would proceed, and this lady would call in additional help as they needed it. Whatever was left in that fund at the end they would split between them. Actually, the reason there was some left was that in addition to returning officer duties and election clerk duties, they had done secretarial work. They would actually retain \$800 or \$900 in that account, which was split evenly between themselves.

I know one returning officer sent us a photograph once from Ottawa. He had eight or nine desks and eight or nine people sitting at them and he and his officer manager were standing there. It looked beautiful. The first thing that occurred to me, because I have been a returning officer, was who the devil was paying all these people. I knew the schedule of fees would not cover it. If he liked to be the manager and have all those people there, in effect, part of the staff cost was coming out of his personal fees.

Mr. Gregory: It is easy to bring nine people in for a day and for a photograph.

Mr. Bailie: Of course, that is true. I do not know, but when I saw the picture my first reaction was who was paying all those people, because we were not. I knew the man realized it because he had been a returning officer long before I was assistant chief.

Mr. Gregory: Part of the duties of the returning officer, and perhaps from my standpoint the major duty, is the preparation of the poll map. When a poll map is drawn, I assume you have a file copy of it for every riding?

Mr. Bailie: Yes.

Mr. Gregory: If a returning officer decided on his own whim to make substantial changes on the outline of that poll map, do you have any control over that? In other words, are you able to say: "What is the reason for the major change? Are you doing this because you are new?" Do you try to maintain a basic core poll map where changes are required?

Mr. Bailie: Yes. As a matter of fact, since the passage of the act in 1984, the chief election officer does have a little more authority now over returning officers. It was somewhat implied in the previous act, but it is quite clear now. It says in one section, "The returning officer shall divide his electoral district into urban and rural polling divisions as directed by the chief election officer." We have a training system for it and they do not do it on a whim or they should not.

One of the parts of the instruction they will get from Ms. Wells and her staff is, "Before embarking on this revision we are ordering you to do, you are to consult all political parties and see if they have any suggestions." That is part of the procedure we use. They do not proceed on a whim. I think there have been indications occasionally that they have.

It is not covered in the schedule of fees, because the schedule of fees does not say you get paid for it; it says a review when ordered by the chief election officer. If they did it on a whim, they would not be paid for it and they would not be able to get the expense of the map and material.

Mr. Gregory: If a riding was cut down in size and nothing new added to it, and you use basically a benchmark of so many people per poll, if that happened with no new additions, there would be no basic reason to change the poll map.

11:30

Mr. Bailie: Exactly. If the situation obtained exactly as you have described with no additional development and if there was a piece just taken off, it says in our schedule of fees somewhere here that it will be prorated. We look it over. Miss Wells has it here. The fees and allowable expenses prescribed in items 5 to 7 under the fees and expenses may be prorated down or, where such duties are directed by the chief election officer, it can be done more than once between elections. It would apply to where there was only a slight change as well.

Mr. Gregory: Yes. One can expect in the situation I am outlining to you that the poll map received in the next election is going to be substantially the same?

Mr. Bailie: Yes, one can expect it. I cannot guarantee it.

Mr. Gregory: If it is changed substantially, do I have any right of appeal or do the parties themselves have a right of appeal?

Mr. Bailie: Our instructions to the returning officers are--and we will make a note of it and reinforce it--that we do not appreciate change for change's sake, because we know the voters do not.

Mr. Gregory: You can be sure the candidates do not either.

Mr. Bailie: The difficulty would be if the changed numbers affected all the other numbers. That may happen, but there is no need to change boundaries. Our requirements are flexible. It is 250 to 300, so that is a fairly wide range. Even then, if there were good reasons, we would see those--

Mr. Gregory: I was not speaking in terms of numbering the polls. That does not matter. It is boundaries of the polls that interest me. I have one more thing.

Mr. Philip: I have a supplementary. In the most recent election, it was extremely confusing in my riding. I think that some changes were made in boundaries for the sake of I do not know what. Now that the changes are in place, since 22 or 23 polls are being taken away and no new polls added, it would certainly help our workers if the polls remained the same, with the exception of some of the changes that I am pleased you are going to make in the location of the polling booths, moving them into certain apartment buildings and things such as that so that people can vote more easily in their own areas.

It would be very useful if you could send out a memo to the returning officer saying that, with the exception of the numbering, keep the boundaries. Unfortunately, the polls being taken out are polls 1 to 23 instead of at the other end; so we cannot keep the same numbers unless you want to start off with poll 23. It is really confusing to redesign things every election.

Mr. Bailie: Yes, we will certainly do that.

Mr. Chairman: If Mr. Gregory does not mind, I want to add my two cents on that as well. I think it is especially important in rural areas where some of those polls have been in place for as long as people can remember. I think you know that there have been in the past couple of elections efforts to change a particular poll in my riding and there has been all kind of furore over that. I am sure you are sensitive to that.

Mr. Bailie: Yes, we are. Yet I hope you can appreciate that, if you notice the way the Election Act is worded, it is the responsibility of the returning officer. We will try to make sure they remember because they have been told before to make as few boundary changes as possible, which was my feeling when we started on electoral boundary redistribution.

Mr. Gregory: In regard to the quality of the voters' lists, we did not have any trouble whatsoever. As a matter of fact, if the quality of material which came out from our own election headquarters had been half as good as that which came out from your headquarters, we might not be sitting where we are.

Mr. G.-I. Miller: After 42 years, you have to expect some changes.

Mr. Chairman: Look at the way it has affected the weather, though.

Mr. Gregory: If that were so, you would think you would have won more seats, but you did not.

I know the auditor is quite justified in pointing out the cost of the enumeration cards. What I want to comment on is the need for the enumeration cards themselves. Certainly in a riding such as mine, which is largely ethnic, the cards do fulfil a very important function and many people come in clutching those cards in their hands.

There was a time when they used (inaudible) cards, as Mr. Philip mentioned. They did come in clutching those, and I did not mind that either. The enumeration card does help the election officers, the deputy returning officers and the poll clerks. Some of the names in my riding are quite fantastic, and to spell them out when the person does not have a great command of the language is very difficult.

That card is a substantial help. If it does cost a lot of money extra in my riding, I think it is worth it. I certainly would not want to see too much change in that. If it can be printed cheaper, that is fine. I do not know whether there would be any way of doing those at a local level or whether it would be cheaper to do them at a local level and have them sent out locally.

Mr. Bailie: They are now. That is the way it is handled.

Mr. Gregory: They are? They are handled on an individual basis by the returning officer to have them printed and sent out?

Mr. Bailie: Yes, that is what the act says. It says the returning officer will send out a notice. It is handled the way it is worded in the act.

Mr. Gregory: Is the initial card printed separately?

Mr. Bailie: No.

Mr. Gregory: Everybody has his own done?

Mr. Bailie: Yes.

Mr. Gregory: Here is a way there could be saving: a central card printed and then handled by computer as far putting information on it.

Mr. Bailie: Savings could come from that kind of an operation, but we do not have a computer in each electoral district. We have situations such as Algoma-Manitoulin where we have two offices: one on the island and one on the mainland. I am not sure we are at the stage where we are going to be supplying computers to each and every office.

We will certainly be looking into these things, you can rest assured. It will be part of our report that you will receive in two weeks' time.

Mr. Gregory: What is the ability of word processors to do this job? Whether they have (inaudible)--

Mr. Chairman: Mr. Gregory, we cannot pick you up on Hansard.

Mr. Gregory: I am sorry. I am not used to speaking from this position. The capabilities of word processing equipment could be looked into and it might effect some cost saving. Maybe it would be more expensive to do it that way. At any rate, the only thing I wanted to say on that was the importance of that enumeration card and that if we did make any changes in that, many ridings, mine included, would experience quite a setback.

Mr. Bailie: It is good to have that input. Thank you.

Mr. Gregory: The last thing is that I want to congratulate you for a fine job. I was one of those people who gave you a hard time. In some of the

speeches, I suggested that you did your enumeration with a calculator, an adding machine, a black crayon and a map and when you reached the figure you wanted, you drew a line wherever it was.

Mr. Philip: You have a fine understanding of a great community and you created a riding for me that was identical with the old one. You did an excellent job.

Mr. Gregory: Mr. Bailie was sitting up in the balcony. When he looked at me while I was speaking, I knew I was out of line and promptly changed my mind. As a reward for that, he gave me what I wanted and I appreciate it.

Mr. D. W. Smith: When you were talking about how the returning officer received his remuneration, did you say some of them would come to meetings for maybe eight to 10 weeks before the election?

Mr. Bailie: No, sir, I must not have explained that clearly. They come in for a total of six to eight days of training; two days, a week or so apart. The period of the election is about six to eight weeks for them.

Mr. D. W. Smith: You said you have a list of the returning officers' remuneration. Can this committee receive that list?

Mr. Bailie: Yes. It is a regulation under the act, a schedule of fees and expenses.

Mr. D. W. Smith: Can the committee receive a copy of what each returning officer received at the last election?

Mr. Bailie: Yes. This is what it looks like. We could make copies available.

Mr. D. W. Smith: There were 125 returning officers. I assumed you had a list of what each returning officer received.

Mr. Bailie: Yes, we do.

Mr. D. W. Smith: I was not looking for the whole works.

Mr. Bailie: Just the individual pages?

Mr. D. W. Smith: Yes, for the whole committee.

Mr. Bailie: Or for the particular electoral district.

Mr. D. W. Smith: I wondered what the returning officer for each of the 125 ridings received in the last election.

Mr. Bailie: Okay, we can prepare that.

Mr. D. W. Smith: The other question that was brought up was about possibly advertising for the position of returning officer in the future. Has that ever been done in the past in any jurisdiction?

Mr. Bailie: It has never been done in Ontario, to my knowledge. It is done in Quebec. I am not sure how they do it in Alberta. The individual member gets to select the returning officer there.

11:40

Mr. Wildman: Really?

Mr. Bailie: The numbers are such that--

Mr. Wildman: Not any more.

Mr. Bailie: I am not certain whether the member actually does something in the way of advertising. I can find out. We can get that information for you.

Mr. D. W. Smith: Was the last election, in 1985, the first time we had a 37-day campaign?

Mr. Bailie: No, it was not. Thirty-seven has been the tradition. At the time the Election Act was being studied, there was a proposal that the election campaign period be changed to 30 days. I opposed that. Thank goodness, several members spoke up and the idea was voted down and it remained at 37. Previously, we had provision in the act for 44 days in the winter. I was hoping we would retain that. In fact, I tried to convince the Premier that it should be 44 days, period. I think 44 days would be much more appropriate. Then if you ladies and gentlemen decided that the campaign period should be shorter, that would be fine with me. I also think the campaign period is too long but the election preparedness period is not too long; 37 days is too short. I am pleased that in the two by-elections I was able to convince advisers to the Premier that it would not hurt to give us a few extra days. In the by-elections, we had 43-day and 42-day preparation periods.

Mr. D. W. Smith: I was trying to find out whether there was enough time for all the returning officers to do the work that had to be done in a 37-day period. You are suggesting that the election readiness campaign could be 45 days long, but the actual campaign for the candidates might go down to as low as 35 or 32 days.

Mr. Bailie: At the time I was trying to mount whatever arguments I could to convince people that 30 days was too short, I was told the campaign period was too long. I can understand that. However, in the regulations under the Election Finances Reform Act we have rules that say you cannot do newspaper and radio advertising except in the 21 days prior to the day before election day. I thought we could add a line to say that no public meetings, no telephone canvassing, things associated with the campaign in a general sense, would also be prohibited during those days so that we could have a 44-day or 45-day election preparedness period and a 22-day or 23-day campaign. The difficulty they pointed out--

Mr. Wildman: It would be hard to enforce.

Mr. Bailie: Yes. The items currently under the other act are easy to enforce because they are all invoiced, but I thought it was a good suggestion anyway.

Mr. D. W. Smith: The only other comment I have is that everybody has appreciated, or appears to have appreciated, the boundary change in the riding

I represent. I am not sure what the outcome is going to be because we have a possible municipal boundary change and an election boundary change. There is a little bit of an override there; in the city of Sarnia, under the new municipal boundary, there will be people within the city out in the county riding and I do not know whether that will work. Of course, the municipal boundary is not totally established yet. Direction has been given from the minister, but I do not know whether all parties are going to accept it. I do not know the final outcome. I do not know whether ours will work out well.

Mr. Bailie: Over the past 10 years since the last redistribution, we have experienced a situation similar to that in the area of Brantford. The city incorporated 100 or 200 acres outside the boundary and this makes it confusing because the description of the Brantford electoral district refers to the city of Brantford, but it means the city of Brantford at the date the boundaries were passed; in that case, 1975. We had difficulty. You had better be prepared, because a lot of people will say, "I live in Sarnia, so I am not in Lambton."

Mr. D. W. Smith: That is right, but it is not going to happen in the Lambton riding. I do not know whether you are aware of the streets, but the portion below Confederation Street, I believe it is, and west of Modeland Side Road, is new in the city riding. They have also come east of Modeland with the municipal boundary, but that portion is going to be in the Lambton riding. It will be confusing.

Mr. Bailie: We will have to watch it carefully.

Mr. D. W. Smith: I guess nothing can be done now; it has happened. The two of them are coming together, the municipal change and the electoral change. Whether or not it works out well, there will likely be a lot of confusion at the election and afterwards, but I hope it will not be too much of a problem for the people.

Mr. Chairman: I have a couple of questions, Mr. Bailie. I am one of those people who was not supportive of "vote at" cards. I think it is a pretty significant waste of taxpayers' dollars. There are other areas of the province where those funds could be better directed, but I am not naïve enough to think it is going to change.

After looking at the Provincial Auditor's report and talking about the record of enumeration, which is completed and which has a tearsheet that is left at the voter's home--I guess you are still asked to carry this to the poll--I wonder whether you could take a look at revising that record and using a tougher bond or stock paper, so you could have a "vote at" card as a tear-off of that card. Is it too early at this stage? Are the polls not established? Is there some way you could combine those so that you could achieve the same ends but at considerable savings to the taxpayers?

Mr. Bailie: As a matter of fact, sir, we looked into that very carefully before talking to the three House leaders. We had very carefully prepared a presentation and we looked into the possibility. The difficulty is that, although there will not be too many, unfortunately, there will still be some polls that have changed or are not settled. However, it is not a serious problem.

The other problem is that the form is carbonized to get the three copies and if you thicken the card in any way, it will effect the quality of the copies going through to the other parts. You may say we could put it in third

place, and we are aware of that option. I was in the carbon interleaf forms business before I came to the government. When you get to the last part, you have the problem of mailing out something that does not have a very good impression on it.

There are several factors. One of the other problems was that these are handwritten at the door. When the enumerators type up the list, they are reading somebody's handwriting, but the postmen are reading his handwriting on the third copy. They just would not get delivered.

Mr. Chairman: I was not suggesting they be delivered; they would be left at the time of enumeration.

Mr. Bailie: I know. The difficulty we had was that if you look at the wording it says, "A notice of enumeration, including the poll location, to be mailed to each elector." The first question I asked the Treasurer was, "Could we have a change of the act and change it to 'delivered,' which is the wording in the federal act?" This was the wording that was used. We were not consulted on the addition to the act. We heard about it at the committee meeting and we were asked whether we could do it. We said, "If you say we have to, we will do it."

If that word had been "delivered," we would have had a pretty strong argument to improve the enumerator's record that is left at the door, as you say, and it would have been delivered. We could have had a much stronger case, but the word "mailed" presented the big difficulty in trying to get the suggestion you are making accepted.

Mr. Chairman: That is something we can consider in our recommendations to the Legislature.

I have one other thing about the Cochrane North by-election, which Mr. Wildman brought up. There were some violations of the act in advertising on election day, I gather. I do not know whether that has been resolved or if any penalties have been levied as a result. I am wondering about that aspect of the legislation, whether you think the penalties are stiff enough and whether you have enough of a big stick to control situations such as that from developing in the future.

11:50

Mr. Bailie: That type of matter does not come under the Election Act; it comes under the Election Finances Reform Act and, as you are aware, I am a commissioner of that act. We have dealt with that matter and, briefly, the situation is that the newspaper involved took complete responsibility for those ads. The commission then discovered that it had no teeth in the act to deal with that type of situation, where someone in the newspaper assumes the responsibility or is responsible, whichever the case may be. There is no provision. The commission did not anticipate that.

Mr. Chairman: Was there only one media outlet involved?

Mr. Bailie: Yes and it accepted complete responsibility. There is no provision for this. The chairman of the commission sent them a very stiff letter of protest and we have had our counsel prepare an amendment, which we hope will be passed, which will provide for a penalty in such cases as this.

Mr. Wildman: Following on that, it occurred in the last general election in my riding that someone placed an ad on behalf of my re-election, completely without the knowledge of anyone in my campaign organization. It was placed in a weekly newspaper at a time that was not allowed in the act. We immediately tried to find out who placed the ad and the newspaper told us it was placed anonymously. We reported to the returning officer that we had nothing to do with it and we were sorry that it happened. Nothing else occurred that I am aware of. Is there any provision for dealing with that kind of situation?

Mr. Bailie: It is very difficult. I have worked on weekly newspapers myself and sometimes these things happen. When you are putting the paper to bed and you have these ads there, the process usually used is replacing. The new articles go in, the new ads go in. It can happen that an ad that was in for the week before is reprinted. I am sure merchants have found this and said, "Is that not interesting; I have a free ad this week." The space was there and it was easier for us in the newspaper to leave their ad in on a complimentary basis than to set two or three lines of type saying we did not have anything to put in there.

Mr. Wildman: This was an ad that was placed anonymously by someone. It had nothing to do with the campaign.

Mr. Bailie: It is pretty hard to police that.

Mr. Wildman: The newspaper should have refused the ad, in my view.

Mr. Bailie: We pointed out to the newspaper that it should be aware of the provisions of the act because it was involved in a previous campaign. I am glad you mentioned the fact that someone could place an ad anonymously. We should probably give some thought to including that in this suggestion we are making.

Mr. Wildman: If someone is not willing to put his name up, the newspaper should not accept the ad.

Mr. Philip: Are you going to stop the Budweiser ads during the Algoma election because they are obviously partisan ads? "This Bud's For Me" is a direct appeal by Carling O'Keefe to get--

Mr. Wildman: The member opposite and I think that would be an unfair interference in the market.

Could you tell me how, in a riding that is as spread out as are many northern ridings, it is determined which polls are urban and which are rural?

Mr. Bailie: Yes, it is right on this schedule. It says, "'Rural' means (1) a municipality not described in clause (c)." We are changing that wording around so that it will read a little better. Clause (c) says: "'Urban' means, (i) a city, town, village or improvement district having a population of at least 5,000; (ii) a township having a population of at least 10,000; and (iii) a municipality adjacent to a city having a population of at least 100,000." This is where you might have a city with 100,000 population and a small township right adjacent to it. Even though the population is only 8,000, it would still be considered urban.

Mr. Wildman: Has that changed recently?

Mr. Bailie: No.

Mr. Wildman: I do not understand it. There is no community in my riding that has more than 4,500 people and yet I have eight or 10 urban polls in my riding.

Mr. Bailie: Bear in mind that this is a guideline to the returning officer. It is not part of the act. If it becomes part of the act--

Mr. Wildman: Wawa polls are determined to be urban polls, for some reason I do not understand. The community of Wawa, as far as I know, has a population of about 4,500 people.

Mr. Bailie: We will check that.

Mr. Wildman: It is the township of Michipicoten officially.

Mr. Goodwin: Is Wawa an incorporated town?

Mr. Wildman: No, it is the township of Michipicoten.

Mr. Goodwin: Wawa is not incorporated.

Mr. Wildman: No. It is Wawa, but it is the township of Michipicoten.

Mr. Bailie: We will look into that, because the people there have a right under the act to be able to have vouching on election day.

Mr. Wildman: That is exactly why I am interested.

The other thing I am interested in is not quite directly on topic but it has been raised previously in our discussions, and that is redistribution. In a riding such as Algoma, where there were no changes at all, it seems to me that change for the sake of change when it comes to appointments of returning officers and so on may be counterproductive. I will just make that comment; I will not go any further.

When you are talking about very large ridings, particularly ridings that do not have a large population, it seems to me that sometimes adjustments could be made that would make sense rather than simply following township boundary lines; minor changes. For instance, at the boundary between Algoma and Algoma-Manitoulin, there is a little place called Algoma Mills that cannot have more than 60 people. It is divided in half; half in Algoma and half in Algoma-Manitoulin. It does not make any sense. It should be in either Algoma or Algoma-Manitoulin.

The same goes for a little place called Missanabie, in my riding, and Renabie, which is two miles away in Nickel Belt riding. It is about 70 miles from the closest place in Nickel Belt and yet is in Nickel Belt riding. Even though it is in the Sudbury district and not in Algoma district administratively, why not just jog the line and put it all in Algoma?

Mr. Bailie: I agree.

Mr. Wildman: I made those comments in the debate but I guess they were not heard.

Mr. Bailie: I would not suggest they were not heard, but along with all the other suggestions--

Mr. Wildman: Those were only minor ones. They are not important, but it just seem sensible to try to consolidate.

Mr. Bailie: We can clearly do something about the Algoma Mills suggestion. We will discuss it with the returning officer.

Mr. Wildman: I have no preference. I would like to see it in my riding but if the decision were to put it in Algoma-Manitoulin, that is okay. Inevitably, in every election campaign we have people from Algoma-Manitoulin coming into the poll that applies to Algoma saying, "I want to vote." They say, "No, you are in the other riding," and vice versa. It does not make a lot of sense.

Mr. G. I. Miller: In clarifying the remuneration the returning officer gets, do you have the average cost to the province? Are those figures put together?

Mr. Bailie: Just one moment. They seem to make from \$15,886 right down to \$6,000. The average appears to be \$7,800.

Mr. G. I. Miller: Is that the overall plus the 25 cents a voter on top of that, or is it calculated on what it costs to operate the returning officer's office? Is it what he gets in total? Is that a total figure?

Mr. Bailie: That is their actual fee.

12:00

Mr. G. I. Miller: It is their personal fee?

Mr. Bailie: That is just the personal fee, the item I mentioned. It is \$2,400 for each returning officer. The other fees are on another page. We do not have that incorporated.

Mr. G. I. Miller: Is that on a yearly basis?

Mr. Bailie: No, that is per election. If we have a four-year period between elections, up until now there would be a couple of years in which they would receive zero. They do not receive a retainer or anything, other than when we give them a specific instruction to do a revision. We pay them just on an item-by-item basis.

Mr. G. I. Miller: The point I would like to make is that our returning officer retired this year, and it is not easy to get someone who is qualified to take a job that is going to demand that kind of expertise. The return is not that great.

Mr. Bailie: No. I try to make sure my recommendations to cabinet are such that I believe that returning officers are fairly compensated, but no one would run after this job for the money. I have some knowledge of it, having been a returning officer myself. I can remember I was so excited about being a returning officer that I would have not cared if I had had to give them the \$2,400, provided I had it. Some people want to be returning officers. It is my responsibility in recommendations to cabinet to make sure that what I recommend compensates them fairly, but it is not overly generous; not in my opinion, anyway.

Mr. Chairman: How many incumbents applied for the job? There are 125

returning officers and they had to go through the application process. How many incumbents applied?

Mr. Bailie: I do not have that figure, but I could guess at it. I would say it is probably something like 100. We had one or two resignations right after the election; that often happens. After that there are some resignations.

When we send the letter out, it reminds people. One man said: "Oh, I am sorry. I should have written to you earlier. I had a heart attack after the last election and there is no way I want to proceed." There are always a lot of those. Their first preoccupation was not getting a letter off to me. I can understand that. The letter going out asking them whether they are interested in applying produced another half dozen resignations. We have had something in the neighbourhood of 20 resignations and there are four or five people whom I did not feel I could recommend, for several reasons, based on the assessment by my senior staff of their work.

That is how you get to 125. In other words, there were four or five who were not encouraged to apply and who did not.

Mr. Chairman: Based on the order in council that just came down, it is probably unfair to apply it across the board, but if that percentage continues with the appointments, you are looking at a pretty significant number of new returning officers in the next election.

Mr. Bailie: Yes, that is true. Between elections we would normally have something like 20 to 30 new returning officers. That happens in the general sense, and that number is obviously going to increase this time. My hope and even my prayer is that it will not be significantly higher, but that is the decision of cabinet and I am not suggesting it should be a decision of the chief election officer. It is still a hope.

Mr. Chairman: When does your term of office expire?

Mr. Bailie: It does not have an expiry. I was elected by the House. I could be dismissed by a vote of the House.

Mr. Chairman: I see. Thank you.

Mr. Archer: In our report, we mentioned that the election office had conducted a survey of the returning officers. One of the objectives was to get their views on the need for and the usefulness of the notice-of-enumeration card. At the time of our audit, only nine of the returning officers had responded, but seven of those had indicated some concern with the process. I wonder whether Mr. Bailie can update us on the final results of that survey.

Mr. Bailie: I cannot here today. I have a lot of that material, even in my briefcase, but it just has not been assembled. I will see that it is supplied with this information that we will endeavour to have within two weeks' time.

Mr. Chairman: Anything further? Mr. Bailie and ladies and gentlemen, we appreciate your appearance before the committee today.

The committee adjourned at 12:05 p.m.

Mr. Bailie: Thank you very much.

The committee recessed at 12:05 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ANNUAL REPORT, PROVINCIAL AUDITOR, 1984-85
ONTARIO HOUSING CORP.

TUESDAY, SEPTEMBER 30, 1986

Afternoon Sitting

STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gregory, M. E. C. (Mississauga East PC)
Harris, M. D. (Nipissing PC)
Miller, G. I. (Haldimand-Norfolk L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitution:

McLean, A. K. (Simcoe East PC) for Mr. Gillies

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Ministry of Housing:
Cornell, W., Deputy Minister

From the Ontario Housing Corp.:

Taylor, G., Acting Director, Operations Review and Audit
Pitura, L. F., Vice-Chairman and Chief Executive Officer; Assistant
Deputy Minister, Community Housing

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, September 30, 1986

The committee resumed at 2:10 p.m. in room 230.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1984-85
(continued)

ONTARIO HOUSING CORP.

Mr. Chairman: The committee will come to order. Please identify your colleagues for the purpose of the record.

Mr. Cornell: On my left is Leonard Pitura, who is assistant deputy minister of our community housing wing and is also vice-chairman of Ontario Housing Corp. On my immediate right is Gail Taylor, director of our internal audit services. Behind me is Doug Beesley, general manager of OHC, and Doug Wells, general manager of Metropolitan Toronto Housing Authority.

Mr. Chairman and members of the committee, last May, you will recall, I provided you with a sketch of security services at the Metropolitan Toronto Housing Authority. The subsequent debate showed just how complex the subject really is, so I thought it would benefit the committee if I did a recap of the background. We will also answer the many questions that were brought up during the May session and show why we believe we are getting a constantly high level of security at a reasonable cost and, moreover, a service that has the strong support of tenants and the community.

Community support is a key ingredient in effective social policing. Effective security from OHC's point of view is taking care of the physical and psychological wellbeing of our tenants. It is a kind of insurance against physical threat. It is a feeling of safety for tenants. It is a comfort level not only for people living in our projects but also for those in the wider community. It is a presence that not only benefits people but also helps protect OHC property.

Back in the 1960s, OHC got its security services for selected projects in Metro from contract security agencies through a competitive tender process. It became evident that the conventional watchman type of security simply was not meeting the needs at some of our OHC projects that are home to a high concentration of socially disadvantaged families. I am told tenants were then sufficiently dissatisfied at the level of service that on one occasion they demonstrated at OHC's head office demanding a higher level of service.

OHC at that time looked at alternatives. The Metropolitan Toronto Police force was asked to provide preventive patrols at OHC projects, but the police could not give the preventive security service or social policing that was needed. The second option was for OHC to develop a security force of its own. This was rejected on the grounds that it would not be prudent or desirable for a government agency to police its own tenants. The third option was to draw up specialized security service specifications that would meet OHC's needs and contract for those security services from a private organization.

Neither the private market nor the police could provide those skills, so

OHC decided to list its requirements and contract for security services from a private organization. The organization would, in effect, have to develop those skills and become a trailblazer in this type of preventive security.

Late in 1970, company B assumed the security responsibility for more than 4,500 units in 11 Metro Toronto housing projects. Generally, police forces react after the fact, but OHC wanted a service that would be concerned as much with preventive security and helpful involvement with tenants as with the actual protection of property against vandalism and matters of that nature. That is what it got.

The company would not have been formed had another source been available to provide the social policing capability. OHC sparked its formation and put up funds to allow the company to start and continue its operation. There was and continues to be a special relationship with company B. It guarantees a consistently high quality service to OHC exclusively and OHC controls its costs and expenditures.

We genuinely share the committee's concern about single-source supply. It has always been a concern. While it does give you the right quantity and right quality of service when you need it, we recognize it also goes against the spirit of competitive selection.

Public housing preventive security is not keeping an eye on a factory or trying to prevent shoplifting. Our clients in public housing represent a disadvantaged segment of our society. Most of our residents are decent, law-abiding citizens. They just want to get on with the business of living in peace and dignity. Often, through no fault of their own, their circumstances dictate that they need public housing.

However, let us face it, because so many are deprived socially and economically, there is a problem element. Do not for a moment think all the problems are caused by our tenants. Often they are caused by people trespassing on the projects. That is where social policing comes in. It is much more demanding than security in the XYZ department store or the ABC warehouse.

For example, as suggested by the Council on Race Relations and Policing, the tender document listed some challenging criteria. One of these was, "Proven ability to work positively with racial, ethnic and other minority community members and particularly young people." Another was "an established race relations program for its staff." Yet another was "personnel with sound knowledge of law enforcement practices" and "familiarity with current police policies; for example, enforcement of the Trespass to Property Act."

For the information of members, your background package includes material from the Council on Race Relations and Policing.

When it became known that we were preparing for a tender call in Scarborough, there was a vocal concern about our plans. One newspaper quoted a tenants' association as predicting a rise in vandalism, drugs and prostitution if OHC changed security guard companies in Scarborough. Another group banded together to "keep the security guards they have learned to count on and trust."

Be all that as it may, the Provincial Auditor and his staff took a hard look at the cost analysis we went through. After adjusting for differences in the level of service, the auditor calculated that \$200,000 was a more realistic figure in cost savings. However, we looked at both cost and

potential risk to our client group, the tenants, so our figures differ from the auditor's.

Naturally, we acquiesce to the Provincial Auditor's calculations. I believe the important thing is what controls we have in place to control the cost and ensure high levels of service. Another important factor is to look at what should be done when the current contract with company B expires. Here is what we have done.

First, we have discussed with Management Board our plans for tighter control on company B.

Second, we have made changes to the contract to enhance our ability to analyse and control company B's cost and operating performance.

Third, we are exploring the possibility of contracting an independent consulting firm to evaluate the company's security service and security services in general. The purpose is to get an expert third-party opinion.

Fourth, we will continue to monitor the effectiveness of company B in terms of feedback from tenants and social agencies and in response time in handling critical problems.

Fifth, we are developing a more structured way of monitoring the performance of the company.

As I mentioned the last time I was here, we made a mistake in not advising Management Board of the results of the tender call prior to executing a new contract with the company. I give you my assurance that we will be working with Management Board well in advance of the contract expiry date to consider options such as the feasibility of establishing an in-house security service, establishing a crown corporation to fill security needs and a more practical way of calling public tenders for specialized security. Once again, we will also explore the feasibility of coming to an arrangement with the Metropolitan Toronto Police for the provision of security services.

These are some of the options and we will explore any others that may surface along the way. We have promised Management Board we will look carefully at all the options and report back prior to company B's contract expiring.

I have one final word that relates to accountability. As the deputy minister responsible for housing and for the OHC, I am accountable for the safety and wellbeing of our tenants. It is a responsibility no deputy would take lightly. When it comes to the sensitive issue of preventive security in public housing, we have to look at not only dollars and cents but also the wellbeing and safety of our tenants.

We also have a series of questions raised in the last Hansard, and answers. It has taken a long time to pull together. I give them to the clerk.

14:20

Mr. Philip: I must say the auditor's report is less than comprehensive and probably less than understandable, but I will deal with that later.

Would you not agree the statement, on page 13, that you are looking into

a more practical way of calling public tenders for specialized security is an admission on your part that the system you had set up was less than adequate and that from the point of view of the average guy in the public the whole thing stinks to high heaven? This is an admission of guilt, is it not?

Mr. Cornell: No, Mr. Philip, I do not think so. We felt that our system, the way we did it, was correct and fair, but we realize that the auditor had a different interpretation. Perhaps Gail Taylor would like to comment on the audit approach.

Ms. Taylor: Certainly. The corporation looked at cash flow--that is, the anticipated cash flow under the old system of security arrangements as opposed to under the new system of security arrangements--so that really it was on the basis of what the cash outlay would be. As the auditor has pointed out, a more realistic estimate of the cost advantage after adjusting for differences in the two systems would be more like \$200,000.

Mr. Philip: What you are recommending, though, is that you are going to look at "a more practical way of calling public tenders for specialized security." If you were a taxpayer, how would you view a crown corporation that conducted a study? The person who conducts the study says, "This is a special need that will not be met by the average company out there." He sets up his own company, gets the contract and continues to have the contract without any open tendering of any kind for a period of time. If you were the average guy paying taxes every day, would you not think something smelled about that whole process?

Ms. Taylor: One of the major factors the corporation had to take into account in this public tendering process was not only the cost side but, in addition, the risk side. In determining the scope of the tender, the corporation decided that to go for a full Metro-wide tender would have subjected tenants across the portfolio, as well as the wider community, to risk.

Therefore, it was decided to launch a risk-controlled experiment: that is, isolating part of the portfolio--namely, Scarborough--which is representative of the portfolio in terms of the mix of projects and the mix of security needs. By isolating part of the portfolio, therefore, the corporation was planning to have a divided arrangement: that is, Scarborough being covered by a specialized company and the rest of Metro being covered by company B. As soon as you do that, inherent in your design is that you are looking at a different system, a different arrangement of security companies.

Mr. Philip: If, for all the reasons you give in this book, security in Ontario Housing buildings is so different and so unusual compared to other types of security, why would you not have set up your own nonprofit company under OHC or Metro Toronto Housing Authority jurisdiction and save the whole scandal we have here of somebody getting what would appear to the public as a sweetheart contract over a period of time, or a selective contract without tendering? Would that not have been reasonable? If it is so unusual, if it is so particular, why not set it up within OHC or within the MTHA itself?

Mr. Cornell: That is certainly one of the things that will be looked at when the next contract comes up.

Mr. Philip: If that happens, I suspect one of the things you will want to do is to give first option at the jobs to those people who are currently working for the two private security companies. Will you?

Mr. Cornell: I could not say what would happen in the future.

Mr. Philip: If they are doing such a specialized job and if you train them, as you say in this book, then it would be pretty stupid to go out and hire new people, would it not?

Mr. Cornell: I would think it would be, yes.

Mr. Pitura: If I may add to Mr. Cornell's comments on whether to have a role in the security force, that question was addressed 14 or 15 years ago. The point that came out at the time, and probably it has some relevance today, was the perception the tenants would have if OHC had its own police force, as compared to the current perception and arrangements that are in effect with a private company that does not fall under the auspices of OHC per se, under that special tenant-community guardian service relationship. That is what has to be addressed in the future when we look at that.

Mr. Philip: But that is not a problem in any other type of nonprofit housing, such as the Metro Toronto Housing Authority. If you went into their buildings, I am sure nobody would know whether the security guards were from private companies or direct employees of the company. Their only concern is whether they are getting security services. I do not see the point you are making.

If you were afraid it was not removed enough from you, why did you not set up a nonprofit corporation so nobody could question whether it was an employee and his friends who were getting privileges?

Mr. Cornell: As I have just said, that is one of the things that should be looked at the next time.

Mr. Philip: In other cities, is there this A, B and C type of protection involved in the housing authorities? Is there this distinction?

Mr. Cornell: No, I do not believe so. I have just come back from the national association meeting in the United States. Our system is the envy there because we do not have the same kind of destruction or danger to tenants. If your question is regarding other authorities around North America, I do not think anyone has a security system in the same way we do.

Mr. Philip: If I were to go to the Ottawa-Carleton Regional Housing Authority, is there a tendering process for its security systems?

Ms. Taylor: Yes.

Mr. Cornell: Yes, there is.

Mr. Philip: It is tendered on the open market?

Mr. Cornell: Yes.

Mr. Philip: How is their situation different from Toronto? Are they somehow less--

Mr. Cornell: I think the answer is yes.

Mr. Philip: They have less security?

Mr. Cornell: No. I think there are more problems in the Toronto area than in any other area in Ontario.

Mr. Philip: One of the things I noticed in Ottawa was that they seemed to have fairly good rapport and consultation with the tenants. Maybe that has something to do with their having fewer problems. I was impressed with the housing authority. Albeit, that was a few years ago when we went. That is in no way a criticism of the new chairman, by the way, who seems to be implementing a number of kinds of things which I think are progressive here.

One of the things the auditor points out on page 158 is that the costs associated with security incidents were not analysed to determine whether the overall security services were adequate. In dealing with this some time ago, I could not find a dollar breakdown per project--I admit some of those would be judgement calls--between those costs that would be ongoing maintenance and those that would be related to a security problem such as vandalism, which perhaps is the catch-all word for it. Have you yet found a way of breaking that down by dollars and cents? I do not get that breakdown in this book you have given us.

Mr. Cornell: I will ask Gail to comment on that.

Ms. Taylor: The auditors made a very useful observation in last year's report. As we have shown in the background book, the corporation does track incidents and occurrences and, as you see, there are different definitions for incidents. Some involve offences, things that might involve an unlawful act, and nonoffences, which are really services to tenants. In a sense, a security surveillance is, like effective policing, the preventive part of policing. Many of the incidents are services to tenants. Those are things like assistance, answers to inquiries or handling neighbourhood disputes, things like that.

In effect, it is not so much the cost of property damage or vandalism that needs to be tracked when determining the effectiveness of the service, it is more the numbers of incidents per population, or trends in offences or nonoffences. That is what we tried to show in the background booklet.

14:30

Mr. Philip: Would you not agree, though, that one indicator of where you might need security or where you might need extra social services of some sort would be the direct cost in terms of physical plant that is related to vandalism, as compared to ongoing maintenance? I can tell whether a light bulb has been smashed or whether it has burned out. I can walk into a building and easily identify that. I am wondering why you still have not been able to break that down for us, even though some of us have been asking for years for those costs as a way of giving some indication of where the problems are.

Ms. Taylor: There are many ways of determining the population at risk in the portfolio in terms of targeting security coverage. One would be property damage and vandalism. Another would be a density profile of the population. As the booklet shows, we are tracking historic trends on incidents and that sort of thing.

Mr. Cornell: Also somewhere in the background, as we pointed out, is that it is sometimes difficult to tell what is vandalism and what is an accident. A broken window could be caused by a young boy with a baseball or by a boy who actually threw a brick.

Mr. Philip: But you have never made an attempt to do it. The British seem to be able to do it. They have gone in, they have identified where the major vandalism is and they have been able to change some of those buildings architecturally and reduce the vandalism as well as increase the quality of life in those buildings. You still have not started doing that.

Mr. Cornell: I lived there for quite a few years and you may be right, but in my experience in going to see them, especially on a visit two years ago, one was so badly vandalized that they had to move away and leave it, desert it. That was in Greenwich, which is supposed to be the borough with the best public housing in all of Britain. If they do have a foolproof system over there, I have never seen it.

Mr. Philip: When you sell off all your best projects and you are left with all the duds, as has been done in parts of England, then you can expect some of those problems.

Mr. Cornell: This occurred long before that.

Mr. Philip: Did you ever take the time to read the research I quoted to you the last time you were here; the British research that showed there were things that could be done? Did you ever take the time to sit down and actually read that research project?

Mr. Cornell: Not the research project, no.

Mr. Philip: What are you coming here for? You do not take advice from members of the Legislature. You do not take advice from the auditor. What are you doing?

Mr. Cornell: I believe we are taking advice from the auditor.

Mr. Philip: You have not in this case. This item has not been done.

Ms. Taylor: One of the things we have looked at is the measure of effectiveness for municipal types of services which includes policing, primarily the preventive part of police protection. Much as policing security has as its objective to promote the safety of the community and to promote a feeling of security, primarily through a prevention principle, the job of the security services is to deter or prevent offences and possible crimes before they might happen. In a sense, it is like trying to measure that which has not yet happened.

However, we have looked at some of the research from the US in terms of municipal services. The sorts of things we are tracking--incidents, offences and trends per population--are some of the key measures that can be used to determine the effectiveness of the service. Another key measure is feedback from the primary client, namely the tenant. In addition, there are community agencies and the police. It is imperative that the security service work hand in hand with the police forces and with the social agencies. That has been another primary source of our information. We included some responses from tenants in the wider community in our background book.

Mr. Philip: Answer one question, yes or no: Have you or have you not--and can you provide us with the figures--determined that the costs associated with security were not analysed to determine whether overall security services were adequate? Would you agree you have not fulfilled that request by the Provincial Auditor?

Ms. Taylor: There was a general cost-benefit and risk analysis done on the total cost of the system across the portfolio. We did not do the sort of cost analysis the auditor had done in terms of adjusting for differences in the security systems, but we did look at the difference in cash flow, determined that it would mean about 20 per cent more cash outlay and, in terms of the risk and the offsetting benefit, felt there was not a commensurate 20 per cent increase.

Mr. Philip: Mr. Archer, would you agree that the item on page 158-- "Costs associated with security incidents were not analysed to determine whether overall security services were adequate"--has not been fulfilled yet by the Ontario Housing Corp?

Mr. Archer: I have to say I have not seen any evidence that they have taken the costs into account. I think the major point the corporation is trying to make is that you should not blow those costs out of proportion, that there are many other factors to take into account. All we are suggesting is that they add costs to the list of factors. We have not seen any evidence that they have done that as yet.

Mr. Philip: Did you analyse in your study whether or not there would be cost savings since this is such a special type of security, as they are arguing in their defence of certain types of monopolies? Since this is such an important security system, did you analyse whether it would be more cost-efficient for a nonprofit corporation to run this?

Mr. Archer: No, we did not.

Mr. Philip: May I ask why?

Mr. Archer: We do not feel that is the job of the auditor. We feel that is the job of management. We pointed out that some of these other alternatives should be considered. They had not been considered. We felt that consideration should be taken by management and I gather from Mr. Cornell's response today it is going to take some of these alternatives into account.

Mr. Philip: Mr. Cornell, do I take it that at some point in the future you will be coming back to us with that, since you are doing a study on the possibility of establishing a crown corporation to fill those security needs, and that there will be a cost comparison figure on it so that we will know whether there would be cost savings by going the crown corporation route compared to the private enterprise monopoly route that has been used in the past?

Mr. Cornell: I imagine we will be invited back to the committee in the future. Probably the process will be that we will have to carry this forward to Management Board of Cabinet for approval. Then, I guess, it will be the role of the standing committee on public accounts to give its analysis.

Mr. Philip: That was not my question. My question was not whether you would be called back. I know you are going to be called back. My question is, when we call you back next time, will you be able to tell us whether it would be cheaper to run it by a crown corporation than by a private monopoly?

Mr. Cornell: That will be one of the options we will be looking at and will be presenting in whatever final decision is made at that time.

Mr. Philip: How can you look at an option without putting a cost on it? I am asking you, is there going to be a cost on it--yes or no?

Mr. Cornell: It will be one of the factors that will be taken into consideration with all the options.

Mr. Philip: Will we be able to know from you how much it would cost to go the crown corporation route compared to the monopoly route?

Mr. Cornell: There may be other options as well. Costs will be one of the factors that will be brought to bear on that. The decision will be made two or three years down the pipe.

Mr. Philip: This thing has dragged on for years and I find it astonishing that it was done this way in the first place. It looks bad. I think the auditor was rightfully concerned about it and I am pleased that you are at least studying some of the other options at the moment, so I guess we are making some minor progress.

I am still astonished that you cannot put a dollar figure on vandalism when other companies are able to do that. I am sure I could go to any private enterprise building in my riding, and if vandalism were a major problem, it would have studied where the vandalism problems were and would have developed some kind of plan, not just in terms of community and human relations but also in terms of how to protect the building so that it would be less likely to be vandalized. You people can do it.

I can remember going to 75 Tandridge with members of all three parties in the Legislature and we were shocked to find that every day the first seven or eight floors would have all the lightbulbs smashed as kids with hockey sticks would go through the building late at night, making a great noise and scaring the seniors. After tremendous persistence and writing to the Metropolitan Toronto Housing Authority with the suggestion, they finally got the idea that it might be worth paying \$1.50 for a plastic cover on the lights to save a \$3 lightbulb every night.

14:40

It seems to me you can analyse your plans. The MTHA does it. An extra light on the side of a building reduces vandalism. There are all kinds of physical things that can be done. It astonishes me that you cannot come up with some kind of figure to identify where your property is being destroyed.

Mr. Epp: On page 11 of your report, Mr. Cornell, you point out that you have discussed with Management Board plans for tighter control on company B. I am just wondering what tighter control you had in mind.

Mr. Cornell: Gail, do you want to take them through it? Some of them have to deal with the way we are going to do the internal audits.

Ms. Taylor: There were two or three improvements made to the contract with company B in the last revision. One concerned the management fee. The internal auditor had suggested that the management fee include all overhead expenses, including payroll, administration, etc. It now does.

Two, the expectations were more clearly specified in the contract concerning the projects to be covered and the hours of service per project. Three, the reporting relationship of the company back to the corporation was made even more specific. There has always been a due rendering of account from the company back to the corporation, but more detailed reporting was asked for. A more appropriate way of analysing expenditure of the budget was also

included in that reporting relationship, so we can now analyse the cost on a line-by-line basis.

Mr. Epp: Is that being done in consultation with your accountants who are looking at how you might analyse the budget a little more closely?

Ms. Taylor: Yes, exactly.

Mr. Epp: Is that changing your whole accounting procedure or is it just one more step that has been added?

Ms. Taylor: It is just one more step.

Mr. Wildman: Could you elaborate on the measures taken for security in other centres? In answer to questions from my colleague, you said you believed the situation to be more serious in Toronto than in some other centres. Obviously, you must be concerned with the security approaches of other housing authorities.

I would like to know what is being done in a number of areas. First, what is being done to analyse the cost of vandalism to those housing authorities each year and what processes have you in place to determine that? In other words, how much is it costing to repair it? What measures are being taken to try to cut down on vandalism and how much is that costing? Specifically, what is being done in terms of physical security and policing in other areas?

I want you to give me some idea of what is being done. If you wish, you can choose one, two or three typical communities and then show me how they are different from the situation we have been discussing in Toronto.

Mr. Pitura: We have 58 housing authorities in Ontario, of which one is the Metropolitan Toronto Housing Authority. Each housing authority has its own characteristics, its own needs and its own problems. For example, we had one authority in a community in the Niagara Peninsula that was having great problems with its tenants in one project. The neighbourhood around the project was very much against the project people. There was a need for some repairs and maintenance and just general consultations involving the community, the project and the elected officials in that community.

One example of how we apply a form of interest in trying to rectify a behavioural problem coupled with improving the living environment, is to put in money with the local housing authority asking to sit down with the local community and with the tenants and the police. The police were very concerned with a lot of trespassing on the project by off-project people. A very difficult problem to control, as I think you know.

The end result of this was, after investing something like \$750,000 on needed landscaping improvements, traffic improvements and architectural improvements, we changed a situation which three years ago was very bad for everybody--the police, the neighbourhood and, more important, our tenants--to something where we now have received some letters of accolade. We have been able to turn a very difficult situation around.

I think most of it comes down to the tenants, the community and the local police. That is just one example where the application of appropriate funding involving the local community has helped out with the solutions and working on implementing the solutions. To date, we have been very successful.

Mr. Wildman: If I may interrupt you for a second, in order to determine whether that has been cost-effective you must have been able to determine how much vandalism had cost you in the past, what security problems generally were costing you in the past, and how that squared with the cost of the architectural and other changes you made in order to turn the situation around. That is what I am looking for.

Mr. Pitura: In that particular project, our cost of security was basically zero. We did not have a special security service. However, that does not mean there was not a cost of security to the taxpayer, because the local police force provided the security coverage and that is the normal security service that is applied across the province.

That was the other point of your question which I never really answered, but in most communities--there are 58 housing authorities--the local police force supplies the security services. With respect to us being aware of the cost savings or the potential cost savings or the cost incurred in maintenance repairs, yes, we do have a record of those repair and maintenance items. The one problem we have, and it has been alluded to already, is developing a system in which everyone understands what is vandalism and what is normal maintenance and repair. I do not want to get into that discussion.

Mr. Wildman: I would like to, for a second, because the comment made by Mr. Cornell earlier made some sense. He said you do not know whether a window was broken by an errant baseball or by a rock. That is legitimate. But if you have that same window broken every two or three days, it becomes pretty clear this is not just somebody who continually hits foul balls, but rather somebody who intends to break that window.

Mr. Philip: Or you need a fence.

Mr. Wildman: So you can tell. If you have one incident, sure, you might have some difficulty determining whether or not that is vandalism or whether it is just a mistake or a regular maintenance problem. But if you have the same kind of thing happening over and over on a regular basis, it does get a little suspicious.

Mr. Pitura: Some of the staff who are knowledgeable about the specific details have just advised me that our glass breakage in the area in Niagara that I mentioned was \$5,000 annually. After we got the community involved and changed the project around, our first annual review indicated the glass costs were under \$500. Now I would like to think that was the way it always is.

14:50

Mr. Philip: What changes did you make?

Mr. Pitura: We changed the traffic pattern, relocated the garbage disposal location and improved the landscaping, the horticultural aspects and the trees. We generally changed it from an eyesore to something the surrounding community accepted and considered a very positive move. That was by working together with the community there. I am being very general, but those were the major changes.

Mr. Philip: It can be done, you see.

Mr. Cornell: We like to think it is being done all the time.

Mr. Philip: You have to do the studies before you do it. You are proving my point that it can be done. Architecturally, you can change the buildings so there is less vandalism, but you need the studies first to zero in on that. We have been asking for that for so long. I am sorry, I did not mean to interrupt.

Mr. Wildman: That is fine.

Mr. Pitura: The situation is case-specific. You have to look at the project specifically. The Niagara solution cannot necessarily be transplanted to the Rumball Terrace solution.

Mr. Wildman: Not the same one, but a similar one perhaps, or along the same lines.

My other question dealt with process. For instance, if I am dealing with a private landlord who has a building, he obviously budgets so much each year for regular maintenance and repairs. He also has to take into account the possibility of vandalism and how much that will cost him. I would think in most cases he can look back at the end of the year and say, "I had an excessive cost in this area, above what would normally be expected." He can then conclude whether he has a vandalism problem. Can your housing authorities do that too?

Mr. Pitura: Yes, they can. For example, one of the major problems in our larger projects in Toronto is elevators. We try to develop the most vandalproof system in elevators here that, quite frankly, I would like to think is as good as we can find anywhere. We are constantly trying to find better ways.

In spite of our good ways, of which I am proud in our organization, we still have problems. That is one example of where we know there are excessive elevator maintenance charges.

Mr. Wildman: You have an idea of what normal operations should be.

Mr. Pitura: What normal elevator maintenance should be.

Mr. Wildman: It costs you more than that, so you conclude you have some kind of a problem there.

Mr. Pitura: Right.

Mr. Wildman: If you can do that, I do not see how that squares with the comment made by Mr. Cornell earlier, when he used the example of the broken window.

I come back to what I said. It may be questionable in a single incident of a broken window, an unserviceable elevator or whatever, but over the year, you can determine whether you have excessive costs with regard to elevators or window breakage.

Mr. Pitura: Yes.

Mr. Wildman: How do you square that with Mr. Cornell's comment? I do not quite understand what your problem is in determining what is vandalism and what is not.

Mr. Pitura: As Mr. Cornell mentioned, the window is one example; replacing screen doors is another one. If you lose one, it might be wind. If you lose three, you start to wonder, "Is the wind always that strong or does it have something to do with the tenant, who is not looking after it?"

Some of our housing authorities have picked that up. We know that they, in turn, have damages paid for by the tenant if they feel vandalism has been involved. In part, that has been a practice across the province.

Locally, they do have knowledge of vandalism generally, but we are trying to get into now, through the development of a computerized system, a vandalism account code. That is what we are moving into, but we do not have it in practice yet.

Mr. Cornell: Gail, you might want to comment further.

Ms. Taylor: I was going to mention the property management system, which is now under development. We mention in our answers in the handout that the intention is to be able to code and track items related to vandalism. We track recurring maintenance now. There is always the problem of determining what is accidental and what is vandalism. The point is that we track the variance in expenditure for recurring maintenance.

Mr. Philip: May I have a supplementary? Part of the research shows that some of the maintenance costs can be reduced in direct relation to the speed at which you clean up the vandalism that exists. I wonder whether you are any more successful than in the past in moving quickly; whether when some damage occurs in a hallway, for example, you clean it up before somebody else gets the idea that he will do something similar at the other end of the hallway. That has been a major problem.

Mr. Cornell: You are quite right. Graffiti breed.

Mr. Philip: Private landlords tell me that if they let graffiti exist more than three hours, they can be guaranteed that some other person will use a crayon somewhere else on the wall, but if they clean it up quickly, then the chances of its happening are reduced something like tenfold.

Mr. Cornell: We agree with that and I think the management is doing an extremely good job of trying to enforce that everywhere.

Mr. Pitura: One way to try to limit the amount of graffiti is to spray a silicone on the lower levels of buildings so that, first, it is more difficult to put graffiti on and, second, it is more efficient to get the graffiti off if they do try. That is one example.

The thrust by the housing authority is to remove that sort of thing as quickly as possible, because the point you made is right on: It does breed other nuisances such as that.

Mr. Wildman: You said you were developing a computerized system that will be able to identify, in an accounting code, vandalism costs as opposed to regular maintenance.

Mr. Pitura: As opposed to somebody's subjective interpretation that this is vandalism, this is normal maintenance, this is some other reason. You have to remember we are dealing with 3,000 employees across Ontario who have to understand what these definitions mean. Our challenge is to come up with a

system that is simple and cost-effective and will work, so that they can understand they check that box off for that item and they check another box off for another item. By coming up with this type of system approach, we will be much better equipped to answer the questions you have put forth.

Mr. Chairman: One quick question, Mr. Philip, and then we will let you proceed. Mr. Pitura, you mentioned elevators. I remember a number of incidents earlier this year where there were some fatal accidents related to elevator joyriding, and I think at least one of them was in an OHC building. What have you done specifically to try to prevent a recurrence of that sort of thing?

Mr. Pitura: We have done the following: We have sent our chief of elevator services to the New York housing authority to see what it does. We have talked to the Chicago housing authority. Those are probably the two largest housing authorities in North America and they have the most extreme problems in dealing with this type of case.

We also have staff meeting with a committee from the Ministry of Consumer and Commercial Relations to try to come up with a better practice and to look at various research and development activities that should be exploited to see whether there are better mechanical or electronic ways to provide better safety but, on the other hand--and this has been the biggest challenge to date--not to make the system so risk-proof that you are going to get complaints from the elevator users.

Mr. Cornell: Or that the elevators cannot be used.

Mr. Pitura: That is the dilemma. How far do you go to twist it in that direction so you do not get nonuse of an elevator?

These are things on which we are working with our colleagues in the Ministry of Consumer Relations, who are responsible for elevator policy.

15:00

Mr. Chairman: I have heard some talk about developing systems that will not allow the doors to be opened when the elevator is between floors, but that might concern a number of elevator riders as to what the complications and implications of that sort of thing might be.

Mr. Pitura: That is right. If you are on the inside trying to get out, you have a different problem. I have forgotten the specific details but we are looking at an electronic system that will trigger the system if someone wants to get on the roof of the elevator. That is one thing. It is not easy.

Mr. Cornell: That is where the problems occur.

Mr. Philip: I have the flu, so last night I stayed home and watched TV. One of the detective heroes--I cannot even remember the guy's name; it was the first time I had watched the program--was riding on the roof of the elevator. I suppose that kind of thing does not help the cause any.

How much I welcome some of the statements by David Greenspan since he took office. One of the things he has expressed a real sensitivity to that is badly overdue is the problem of battered women in Ontario Housing and the transfer policy changes that are coming about. Have you been able to identify how much vandalism can actually be related to domestic violence? Has anybody

sat down and looked at that? I assume that the new transfer systems will not only save battered heads but also battered walls. I am not sure you will be able to look at a dollar figure on that. Are there many units that you have to repair after the tenants have been evicted where it is directly related to violence inside the unit rather than domestic violence, wife battering or husband battering, which takes place in a few instances?

Mr. Pitura: First, I do not think we have any figures that relate to damage due to family violence. It has not been sorted out in that category. Second, I have seen many units after move-outs and skip-outs where the people leave overnight. I am amazed at the amount of damage done to the unit. I am amazed at the amount of goods such as clothing, books, furniture and rugs left behind. It is one of our challenges in doing business in this way. We have to come in and do a thorough repair, paint and clean. If some appliances are broken, we replace them. It is the business we are in.

Mr. Philip: I should be thankful because I just won an argument with the Metropolitan Toronto Housing Authority on this. They have agreed with my position that sometimes the people who are being charged with the damage are the people who are the easiest to reach; namely, the poor woman who is left in the unit. I had a recent case, and you now have agreed with what I was saying, where the son acted like the worst bum and he is in jail. He was the one who created the problem. He and his friends vandalized or damaged the apartment at one of their crazy parties; however, it was the poor woman who was left who was treated as though it was her fault that she had a bum for a son. I do not know all the family particulars.

It is important that when vandalism is done, you try wherever possible to lay the charges--and I mean charges--against the person who actually did it rather than the person who happens to be the victim whose apartment it may have occurred in. I do not condone having somebody go and rip up public property. We should throw the book at him, but we should be careful that it is the person who really did the damage who gets into trouble and has to pay for it. I suppose it is hard to collect from somebody who is in jail and it is easier to collect from the tenant, but punishment should go where punishment is due.

Mr. Pitura: The way you say it is right. It is very difficult. We do not want, nor have we ever intended, to go on any vendettas. There is an attempt to pin the responsibility on the one who has actually done the damage. It is one of the difficult things our housing authorities across the province are faced with on a daily basis.

Mr. Philip: Is it a conscious policy? It is generally felt that there is some kind of policy, at least at the Metropolitan Toronto Housing Authority. I can understand why some administrators might want to do this subconsciously. There are certain developments that I call Cadillac developments and it seems that all who move into them are law-abiding, hard-working people who never think of using a crayon on a wall, yet I can take you to others where everything seems to break loose. Is there any kind of selectivity as to where certain tenants are transferred or placed, or is it really based on the number of unit rooms you need?

Mr. Pitura: It is units and also the individual's preference or choice as to where he wants to locate.

Mr. Philip: Everybody wants to be at Albion because it is a lovely development and nothing ever happens there, which is why they want to live there. It is perfectly dull.

Mr. Pitura: It is a catch 22.

Mr. Philip: I could take you to a project in my riding where, if you walk through the project, you can tell the difference between the north end and the south end--everything seems to happen in the north end while the south end is quiet, the gardens have flowers and there are no problems. You wonder why this happens. I am sure social psychologists can explain what is going on. It seems to be more than a coincidence.

Mr. Pitura: I am no social scientist either. I have often raised such questions myself. Projects or communities that are stable and have little turnover seem to have a reasonably good track record. The problem is with those with the turnover, those where, for whatever reason, there is a changing population.

Mr. Philip: The other thing that seems to happen is that when you put in recreation facilities, vandalism goes down. Is that true?

Mr. Pitura: I cannot answer that. In my sojourn here, we have not put in any recreation centres. There is one under construction now.

Mr. Philip: There was one put in on Jamestown Crescent in Rexdale by the city of Etobicoke. The moment that went in, you could see the difference in that community. If kids have something constructive to do, they are not rumbling on the street. It is a lot better to have a dance contest than a knife contest or a graffiti contest. The Metropolitan Toronto Housing Authority put up a building on Islington just south of Finch. I asked the security guard, "How do you like your job?" He said: "It is absolutely boring. There is never anything to do. The kids are all down at the gymnasium. There are never any problems in this building."

Mr. Cornell: I was just speaking with Doug Wells from MTHA. They do not have any specific figures, but there is certainly a correlation where we have good recreational facilities and good training, often using the young people who are in the development.

Mr. Philip: Yes, as resource people. When will your report be out that will be taken to Management Board?

Mr. Cornell: It will go to Management Board probably the week after next. The paper is done; it is just when they decide to handle it.

Mr. Philip: I will be asking questions about your paper during Management Board estimates.

15:10

Mr. D.-W. Smith: I am from the riding of Lambton. I wonder whether you get any complaints from the tenants in the Sombra housing project. For instance, there are fans in the buildings that do not seem to be turned on in summer and the tenants have--

Mr. Wildman: How about in winter?

Mr. D.-W. Smith: I do not know about that, but tenants are complaining that the facilities are there but they are not making use of them and the excuse is that they cost too much to run. Have you had any complaints from the tenants of the Lambton housing authority?

Mr. Pitura: I am not aware of it, but I have noted your concern and I will pursue it as to why the fans, if there are fans, are not working. This has not come to my attention.

Mr. D. W. Smith: You do not get many complaints from the tenants in the outlying areas?

Mr. Pitura: No. I like to think the tenants in the outlying areas have as many concerns generally as the ones in the urban areas. I know in Mr. Wildman's riding we have some nice complaints and we try to address them as best we can all across the province. This is why we have the housing authority system that provides local involvement on day-to-day operational problems. Most of those problems are resolved at the local level. If they start to surface beyond there into our regional offices or to me, it means something has broken down in the system, such as in the administration, and one of us has to fix it. It has not come to me, but I will check into it.

Mr. D. W. Smith: Thank you.

Mr. Chairman: Are there any further questions, members of the committee?

I guess that wraps it up, Mr. Cornell.

Mr. Cornell: Thank you very much.

Mr. Chairman: Thank you. If the members of the committee will stick around for a couple of minutes, we will review what is going to take place tomorrow. Is everyone on the committee aware of what we are supposed to do tomorrow with regard to the trip?

Mr. Wildman: I am not going, Mr. Chairman.

Mr. Chairman: You are not going. Is everyone else here going?

Mr. D. W. Smith: I am going to drive out myself, because I am going to leave just before dinner.

Mr. McLean: That is the rehabilitation centre.

Mr. Wildman: We are back here in the afternoon, is that right?

Mr. Chairman: We are back here in the afternoon.

Mr. Wildman: I will be here in the afternoon, but I cannot go in the morning.

Mr. Chairman: Who will be going?

Mr. Philip: I will.

Mr. Chairman: You and Mr. McLean.

Mr. Philip: Two of us?

Mr. Chairman: Is there anyone from your caucus, Mr. Smith?

Mr. D. W. Smith: I cannot speak for them because I have not talked to them about it. I can find out.

Mr. Chairman: Ask your whip to remind them we are meeting at nine o'clock in front of the building and the bus will be waiting for us there.

Mr. Philip: It was Phil Gillies who asked for the trip. Someone should contact Phil and remind him.

Mr. D. W. Smith: I will see if there is somebody out in the hall.

Mrs. Fritz: He is not going, but I believe Alan Pope is going.

Mr. Philip: Okay.

Mr. Chairman: I guess there is nothing else.

Mr. McLean: How big a bus do you have?

Mr. Chairman: A big one. Bring some dancing girls.

Is there anything else we should deal with? All right.

The committee adjourned at 3:14 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

DOWNSVIEW REHABILITATION CENTRE, WORKERS' COMPENSATION BOARD

WEDNESDAY, OCTOBER 1, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gregory, M. E. C. (Mississauga East PC)
Harris, M. D. (Nipissing PC)
Miller, G. I. (Haldimand-Norfolk L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Workers' Compensation Board:

Elgie, Dr. R., Chairman
Kummel, Dr. E., Director, Downsview Rehabilitation Centre
Kaegi, Dr. E., Vice-President, Policy Planning and Special Services
Doxey, Dr. N., Chief, Psychological Services, Downsview Rehabilitation
Centre
Van Clieaf, S., Director, Claims Adjudication Branch

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, October 1, 1986

The committee met at 2:28 p.m. in room 230.

DOWNSVIEW REHABILITATION CENTRE, WORKERS' COMPENSATION BOARD

Mr. Chairman: Welcome, Dr. Elgie. Please identify your colleagues for the record.

Dr. Elgie: Thank you very much, Mr. Chairman. First, may I say how much the board appreciated the opportunity of having the standing committee on public accounts visit the Downsview rehabilitation centre this morning to review what the activities are so that you might better be able to evaluate the costs and so forth that are of interest to you.

I do not have any opening remarks, but as the chairman suggests, I would like to introduce some people who are with me, and there are others in the audience if further assistance is needed.

Dr. Ed Kummel, on my right, is the director of the Downsview hospital, having had 11 years' experience with the board at its hospital. You have been the director for about two years now, Ed?

Dr. Kummel: Yes.

Dr. Elgie: As members of the committee may know, we are currently in the midst of what I consider to be a major reorganization and restructuring of the board, intended to improve the way we deliver services to our clients. As part of that restructuring, I have with me today Dr. Elizabeth Kaegi, who joined the board in June as vice-president of policy planning and special services, which includes medical services and the Downsview rehabilitation centre. We at the board consider ourselves very fortunate to have someone such as Dr. Kaegi, with her background in medicine--epidemiology and biostatistics--and her great interest in occupational health and safety and industrial disease. It also happens she is a remarkable lady who brings great talent to our board. Thank you very much.

Mr. Chairman: Thank you. Welcome to all three of you.

Mr. Philip: One of the things that struck a number of us this morning was the overcrowding in the rehabilitation hospital. On exploring it with you, we discovered that a lot of the overcrowding was caused in part by the fact that you have people from out of town who must have accommodation while receiving the same kind of treatment people from Toronto are able to get on an outpatient basis.

At the same time, you announced you are studying the possibility of outreach in at least two other cities. Can you distinguish what functions you see could be run in places such as Sudbury, Thunder Bay and Ottawa so that people would not have to commute and stay at the rehabilitation centre and what things are unique to the rehabilitation centre and will have to be done there, for which people would have to be brought in?

Dr. Elgie: I would like to respond to part of that and ask Dr. Kaegi to respond to another part. With respect to overcrowding, the hospital is made up of two portions, one the true hospital portion and another we call the clinic or dormitory portion. The hospital portion is quite small and is for people who still need a significant amount of medical or nursing care as part of their rehabilitation. The majority of the population in the hospital consists of injured workers from out of town. About one third of our patients are outpatients, primarily from the greater Metropolitan Toronto area.

We have been seeing a much larger number of patients in the past two to three years, primarily because two or three years ago we started on what is called an early admission program for people who had been disabled for longer than three months. That necessitated the admission of a much larger number of patients and has created a much heavier work load for the board.

I will ask Dr. Kaegi to talk about the general direction she sees as the new vice-president in charge of that area and what sort of pilot projects we are thinking about or have had discussions about with some communities regarding our interest in having services delivered as close to the person's home as possible.

Dr. Kaegi: As I mentioned this morning, we are now engaged in developing a strategic plan for Downsview. We are in the process of re-examining the role the hospital can and should play in the rehabilitation of injured workers. Our deliberations are still preliminary at this stage, but it is clear to us we should be moving in the direction of enhancing the capability of a number of communities in Ontario to provide rehabilitation services to their own injured workers in the initial stages.

Mr. Philip asked what sorts of services we saw could be provided in those communities, and we are talking about communities such as Hamilton, Ottawa, Thunder Bay, and Kingston--larger cities throughout Ontario. I guess what we are looking for is some reproduction of the multidisciplinary team approach we believe is the most successful in the management of this group of patients who are having more difficulty than usual in returning to work. We are somewhat limited in some communities by the unavailability of such people as physiotherapists, occupational therapists, remedial gymnasts and psychologists. That sort of limitation is holding us back at the moment, but should those staff be available in communities, we see no reason that a large proportion of the sorts of injured workers who cannot all be admitted to Downsview should not be handled in their own communities.

Mr. Philip: Do you agree that those kinds of persons would be available in Sudbury, in Ottawa and probably in Thunder Bay and that we could see in the next couple of years a plan to decentralize and remove the necessity of bringing large numbers of people to the Downsview facility?

Dr. Kaegi: That is the direction we want to work towards. I think it is true to say that in those communities at this point there is often some difficulty in obtaining appointments for our patients to see such people as orthopaedic surgeons, physiotherapists and occupational therapists. There is a current shortage of many of the disciplines we require for the comprehensive treatment of injured workers in those communities, so we will need to work with those communities to address the staffing requirements first.

Mr. Philip: I gather from what Dr. Elgie said this morning, and I guess from a financial point of view it makes some sense, that before you can do very much with the plant, you want to know the direction in which you are

going. It is one thing to put in partitions; it is another thing to redo the centre. How long do you think it will be before your plans are in place and you can do something about the overcrowding at the rehab centre? Are there six to eight beds in a room on average?

Dr. Elgie: About eight.

Dr. Kaegi: We are very hopeful that the overcrowding situation will be substantially reduced within the next 12 months for several reasons. As I think you are aware, the board is moving towards providing client services on a regional basis and we are opening offices shortly in Hamilton and Thunder Bay. We hope and expect that our case load will change as those centres get thoroughly established and establish strong links with the community of treating agencies and the community of employers in those areas. We expect that this, by itself, will reduce the case load through more effective management of the early care of injured workers.

As I mentioned this morning, we are working with Ottawa and Hamilton and two smaller groups in the Metro Toronto area that are providing a multidisciplinary team approach to the management of back patients. These programs should be in operation in 1987. We expect that, too, will result in a decline in case load. My expectation is that by the end of next year we should see a substantial decline in case load.

Mr. Philip: This morning we were told about the psychological testing program. Can you tell us which tests are being used? You said you bring in tests that are developed in Italy and other countries so that you can deal with the problem of cultural differences. You were going to give us a copy of one or two of the tests. Were you able to do that?

Dr. Elgie: May I ask Dr. Doxey, who is the chief of the psychology division, to come up here? Maybe Dr. Yarrow would like to join us as well. Dr. Doxey is chief of psychological services and Dr. Yarrow is co-ordinator of the services. We have nine PhDs in psychology at the board and three psychometrists. There are three consultants who have university appointments. As I understand it, there are about four postgraduate students at one time or another doing an internship or training there as well. Dr. Doxey and Dr. Yarrow, this is the public accounts committee.

Dr. Doxey: I have brought a number of the tests along. May I ask you to let me have them back when you have had a chance to look at them? It is a regulation of our governing body that these tests not be publicized in the press or given to nonpsychologists, but I will hand them around.

Mr. Philip: Would it in any way hurt your testing process if any of the questions on that test were read out?

Dr. Doxey: It would, indeed. For example, if someone took a test and put it on television, it would invalidate the test and psychologists could lose their licences for being party to such a process.

Mr. Philip: I am not asking for the whole test; just examples of the questions. Would that invalidate the test?

Dr. Doxey: No. In this sort of setting it would be fine.

Mr. Philip: This morning, without having had the benefit of any news release or press release from Windsor, I asked a question about some concerns

that have been expressed to me about questions of a sexual nature. You read out some of those questions, which were milder or less controversial than I had expected from the people who had given me the story. I am talking about constituents; I am not talking about the Windsor Star or something such as that. Would it in any way invalidate your test if you read out some of those questions to us?

Dr. Doxey: I will gladly do so. I will read out a few of the items on the MMPI, the Minnesota multiphasic personality inventory. This is the most widely used test of psychological functioning in the hospital and perhaps throughout the English-speaking world. It is a test that has been around for more than 40 years and more than 20,000 research studies have been done on it. Without a doubt, it is the most useful test with a population of patients who have physical conditions. A number of the items deal with sex and I will read them out. I will ask the press not to publish the list of questions. Is that possible?

Dr. Elgie: This is a recorded meeting.

14:40

Mr. Philip: This is in Hansard. I do not want to invalidate your test or ask you to do anything unprofessional. I am asking you to give us an example. You read them out to us this morning, but it is not on the record. If you give us an example, I can substantiate whether it is typical. Can you give us one or two?

Mr. Wildman: On a point of order, Mr. Chairman: It should be clear to the witness that anything he says here today is public.

Mr. Philip: That is what I am trying to do.

Mr. Epp: On a point of order, Mr. Chairman: I do not see the need to get the questions on the record. Mr. Philip can look at them afterwards and he has a chance to look at them now. Why even compromise the situation by getting them on the record? I do not see any need for that.

Mr. Philip: I was rather satisfied with the answer I got this morning and I thought it might be helpful if a similar answer were given.

Mr. Epp: I understand that, but he has already indicated his predicament and it is in Hansard. Why complicate matters?

Mr. Wildman: I raised my point of order to be helpful to the witness, not to start a controversy. Surely the doctor in his professional judgement can determine what he can give to the committee. It is important for him to know that what is said here is public. We are not in camera and other matters that have led to problems before this committee have led us to wish not to be in camera. He should know that what he says is public.

Mr. Philip: That was the point of my question. If you, in your professional judgement, feel that you can read one or two of the examples that you gave us this morning, I invite you to do so. If you feel you cannot, that is your professional decision and I will not push the issue.

Dr. Doxey: I believe I could do so. May I suggest that I then circulate the booklet? The items have been highlighted.

The first item dealing with sex--and the patients are asked to respond "true" or "false" if they can--simply reads: "My sex life is satisfactory."

Dr. Elgie: You are not embarrassed about answering that, are you?

Mr. Wildman: Mr. Chairman, I would like to declare a conflict of interest. I saw the Decline of the American Empire last night.

Dr. Doxey: Here is another one: "I believe women ought to have as much sexual freedom as men." Perhaps I will read a third one, choosing randomly: "I am worried about sex matters." I believe that is a fairly good representation of the sexual items.

Mr. Chairman: How many questions are related to sexual matters?

Dr. Doxey: There are 566 items on the instrument; however, for clinical purposes we use only 400 items. Routinely, we would give only a 400-item questionnaire. For research purposes, we would give the full test, but that is under very special conditions with patient consent forms.

Of the first 400 items, 12 items touch on sexual functions.

Mr. Philip: This morning I presented a point of view that was brought to me by a constituent and you presented some arguments against that point of view. Just for the record, it might be helpful if we recycle the question.

The point of view I brought to you was that an injured worker who is incapable of having sex because of the pain involved is uptight enough without having that accentuated by someone asking him about that problem. The point made to me by a few constituents was that your probing into his or her sexual life increased the anxiety and the psychological tension.

You made a counter-argument that a majority of people were somewhat relieved to be able to talk about that and that you could somehow, in various ways, be of some assistance to them. Could you tell us the purpose of asking that type of question, and how you have been able to assist people as a result of asking those types of questions?

Dr. Doxey: The vast majority of patients who are seen at the Downsview rehabilitation centre have, in addition to any medical condition, rather significant emotional distress. Surveys have shown that perhaps as many as 90 per cent of the patients at our hospital are undergoing serious emotional problems.

We are also very strongly of the opinion, and we do not have any objective idea to support this, that perhaps a majority of the patients at the hospital are having serious problems with sexual functioning, impotence and the like. I think the reasons for it are rather obvious. Many of the patients are very depressed and this causes problems with respect to sexual functioning. Many of the patients have been on medication for long periods of time and this, again, has an undermining effect.

Many patients have very little understanding of what is wrong with their bodies, their backs, for example, and they frequently falsely attribute a decline in sexual functioning to organic problems such as a nerve that may have been severed during an accident. This is terrifying. This feeds into the

patient's emotional distress. Family problems tend to develop. Many spouses fear that their husband or wife has lost interest in them because of the decline in sexual functioning.

When we perform an assessment on a patient, either for assessment purposes only or with a view to providing therapy, we try to see whether there are any problems in those areas that we might be able to address to assist the patient with respect to his concerns. The vast majority of patients who are approached with respect to these matters end up being greatly relieved.

In many cases, what the psychiatrist would do is simply identify the fact that a patient is experiencing a loss of sexual ability and refer him to a physician for reassurance. In some cases, we might even go as far as to invite the spouse to come in, so that we can reassure the spouse that this is a very common accompaniment of pain and depression and try to prevent a breakdown in the family.

The vast majority of patients without any doubt tend to be very appreciative of the opportunity to have someone who can give them some reassurance on these matters. At the same time, most people tend to feel a little uncomfortable at first when discussing sexual matters. Some people are even more extreme than that; they will never feel comfortable discussing sexual matters. They tend to be very sensitive. If someone should indicate that this is not on the agenda, we will back off.

However, the mere fact of even raising it in a very superficial way will be enough to offend some people, in much the same way that the general questions on the questionnaires will be enough to offend some people. There are a certain number of people who feel that you simply do not discuss sexual matters, even in their most general form.

Mr. Philip: As a policy matter, Dr. Elgie, if there is a sexual problem that comes either directly or indirectly out of an accident, is it the board's position that it will pay for a man and a woman to have sexual counselling or treatments--"therapy" is the word I should be using--outside the Workers' Compensation Board? The WCB admitted this morning that it was not in a position to do the kind of sexual counselling on an in-depth basis that would be appropriate where a breakdown in sexual intercourse has happened, either directly or indirectly through the accident.

14:50

Dr. Elgie: The reports that come out of the testing would go to the family doctor, the physician in charge of the injured worker's case. I have to be honest and tell you that I would have to ascertain what the board's policy has been with respect to counselling on sexual matters as they relate to an injury. I will have to get back to you on that one.

Mr. Philip: I will give you a concrete case of a man who hurt his back. He has been on the chesterfield for six months. His wife came to me and said: "He has lost interest. I think I am going to get a divorce."

It seems to me there is a direct relationship between his accident, how he feels about himself, and maybe also how he feels about his wife bringing in the money and his not having a job, which has affected their relationship. It is a direct relationship to the accident. It would appear to me that in instances like that, rather than ending up in a divorce court, as this

particular situation is currently, sexual counselling paid for by the board may have saved that marriage in some form.

Dr. Elgie: I understand what you are saying and I think there is a lot of merit in it, but I have to find out what the board policy has been on that matter.

Mr. Philip: I would appreciate it if you could get back to us.

While you are here, the other question I have is a financial question. I do not know whether it is directly related to extra billing and the attitude of doctors now after the bill, because I had some cases before the bill was introduced. Yesterday I received a call from a doctor who wants to charge \$75 for a letter I asked for in order for me to be able to represent my constituent. I talked to his secretary, because he would not talk to me. He wanted his secretary or his nurse to handle it. She wanted to know who would pay for it.

I said, "Is Mr. So-and-So not a long-term patient of yours?" She said, "Yes." I said, "Most doctors usually supply that kind of information to people who are long-term patients in the same way that a good businessman occasionally does favours in the community interest to long-term clients or long-term customers." The reply was, "Dr. So-and-So always charges a fee."

I was then faced with the position of saying, "Perhaps you would rather write a letter than have me get a subpoena to bring him down to the Workers' Compensation Board for a hearing for a full day and answer questions." That kind of thing should not happen. When I reported it to my assistant, she said: "Mr. So-and-So was just in. He has paid \$150 out of his pocket for a letter that he just brought into us." It seems to me that injured workers who are not getting any money should not be paying \$75 or \$150 to some doctor for a letter related to a board.

The opposite side is that some doctors in Etobicoke write letter after letter and never charge a cent. Those people feel it is their contribution to the community in the same way as other people go out and work for the Lions Club or church groups. I can name some of those doctors. They have never once asked for a cent, but I am starting to get a bunch of these who are sending me bills. I do not know how to deal with that other than through the kind of high-handed method I used with this guy yesterday. I am not sure I want to use that all the time.

Dr. Elgie: If I may, let us discuss the total picture. As you can appreciate, the board pays the accounts of the doctors who have been involved with treatment. The board, under section 53, requires the physician to present reports to the board at the board's request at no cost, because the board's fee schedule takes into account extra costs of physicians who may be involved in caring for injured workers because many more considerations are involved. Similarly, the board may from time to time approve a patient going to see another physician for a further opinion, in which case it pays for the report.

If what you are talking about is the physician who has not seen the patient as a board patient, either because he is the patient's doctor or because the board asked him to see him, if it is a second opinion that the patient asked for, it is true that the board does not pay those accounts unless the report has a significant impact on the ultimate decision. In other words, it does not approve a repetition of consultations where it is not felt

that is justified. If the patient has been seen by the doctor before and the doctor has been paid a fee that is in excess of the Ontario health insurance plan schedule of benefits by a fairly significant amount, I, as a physician, think he should forward you a copy of that material without charge. I cannot go beyond that. I do not know how it should be done.

Mr. Philip: The problem I am faced with is that until I get the medical opinion, I do not whether my constituent has a case worth proceeding with or not, so I am in a no man's land.

Dr. Elgie: I understand that.

Mr. Philip: I get a file. I say: "Obviously, I need an orthopaedic opinion. Who was the orthopaedic specialist you went to after you had the accident?" If it is a certain doctor, I say: "That is good. He will give me a letter fairly quickly." But some of the others are now simply wanting to charge.

Essentially, what I am doing then is buying the letter on spec. If the letter contains enough information for me to go and win a case, I can get the doctor reimbursed, or I can be reimbursed if I pay out of my own pocket, or my constituent can get reimbursed if he has paid out of his own pocket. On the other hand, if the opinion is not such that we can win the case with it, then we are out of pocket. I recognize that there can be an abuse of the system. Somebody can say, "The board will pay for me to shop for medical opinions until I finally get an opinion that I can use." I think that is the opposite side.

Somewhere there should be some way of paying when an MPP says: "Look, I need an orthopaedic opinion," or, "I need a psychiatric opinion. Would you have your doctor, your general practitioner, refer you to this kind of specialist?" There should be some way of reimbursing us for it.

Dr. Elgie: I spoke to you about it before. Mr. Van Clieaf is going to review the matter.

Mr. Philip: The reason I raised it was that some other members may have had similar experiences, and I thought perhaps they would like to add to it. I have no further questions.

Mr. Epp: I have some matters that have been drawn to the attention of my constituency office. Some people are referred by specialists to the centre. They are told, for instance, that they should not lift anything more than perhaps 15 or 20 pounds. They go to the centre, are under treatment there and are told to lift 30 or 40 pounds or something of that nature.

They report back to their specialists back home. Their injuries are worse and the medical professionals back home are very upset that the centre has violated something originally prescribed for the patients. How do you react to that? This is a matter that has come to my attention in my office on more than one occasion.

Dr. Kummel: It is fair to say that a new patient coming to Downsview will be assessed by all parties involved. In the first place, it is the board's doctor, physiotherapist and, most important, the occupational therapist. As I told you before, they work as a team, together with a vocational rehabilitation counsellor. Past work history and certainly all

previous medical reports are taken into consideration if they are available at the time of admission.

A program is then developed. What would be best for a given person? Consultations are obtained where necessary. Further tests are done where necessary.

I do not believe we would ever start a patient with a back injury on an immediate lift of 40 pounds. We may work him up to that, if that is what his job requires and if in the judgement of the team--the doctor, the OT and whoever--the patient is capable of doing that without hurting himself.

I believe we are coming to an area where people come and say, "They made me worse in Downsview." It is not necessarily a single lift of 40 pounds instead of 30 pounds or what have you. By the way, I find it difficult to be able to say in my office, "You do 30 pounds; you do 20 pounds." That is difficult.

Mr. Epp: I guess certain things are prescribed, for instance, lifting and so forth.

Dr. Kummel: Yes.

Mr. Epp: They are told they can only lift so much?

Dr. Kummel: What we have to recognize is that almost all people who come to Downsview are out of shape. Most of them have been moving very little. Sixty-four per cent of our patients have back injuries. They are anywhere up to eight months post-accident. They have not been very active at all. Their muscles have wasted. They are weak and out of shape. They are comparable to the athlete who has hibernated a winter and is now going out on the track and perhaps overdoes it a bit the first few times.

We do get a fair number of people who come and say: "You are making me worse. I am having some pain." They do not have pain just in the area of the back; they have pain generally speaking. That, of course, is a sign they are getting fit again. As far as a single episode of excessive lifting against an advice from outside is concerned, I am not aware of such an incident.

15:00

Mr. Epp: Did I understand you to say when they start having some of this additional pain it is an indication they are getting fit again?

Dr. Kummel: If they come and say, "My legs hurt me, my thighs hurt me and I am running out of breath a bit" and what not, by and large, that is a sign of getting back into shape. Unfortunately, getting back into shape can be a little painful.

Mr. Epp: Is that like me this morning? My back was starting to get tired because I had been standing for two hours and was not used to it. Am I getting back into shape now?

Dr. Kummel: If you allowed us to treat you properly, you would be much better for it.

Mr. Epp: I believe some other people experienced the same thing.

Mr. Philip: I will give you a free pass to Super Fitness.

Dr. Elgie: Let us take back pain, for example. There are a number of areas that cause it. It is either at the joint level with the sets or it could be at the intervertebral disc. People who are out of shape, clearly when they stand up or try to do anything, put more stress on those joints than they would were they in good shape.

I happen to know a young man who is a worker, who was following a vigorous exercise program, including tai kwon do, which he nearly gave up in the second week because the pain was starting to recur and bother him. He told me he was glad he persisted, because as soon as he got his muscles in good shape, he could handle the problem and continues to handle it. So there will be some exacerbation of the original pain as well as a general discomfort from getting back into shape. I believe that is what Dr. Kummel is saying. Is that correct?

Dr. Kummel: Yes, sir. We also reassure them by saying, "Hurt does not equal harm." All recognized authorities in the field of rehabilitation, particularly back rehabilitation, will tell you that in the absence of any nerve root pressure, your run-of-the-mill sore back, the best treatment at the initial acute episode of a few days is moving, to keep moving.

Mr. Epp: Another concern that has been drawn to the attention of my office is that of the psychological sessions. We spoke about some of those. Apparently some people have said when they go in to have those sessions they would like to have tape recorders with them. They have been denied that opportunity. Is there any particular reason they cannot have those tape recorders, or is there a policy on it? Is that correct?

Dr. Doxey: It is a policy of the department. We receive similar requests from time to time from interns in the various universities and we deny them the opportunity to tape their interviews for the same reason. We feel the relationship between the patient and the psychologist is a privileged one and we do not like the intern to take it to the classroom to play it there, and we would not like the patient to take a tape recording of what takes place and play it in other settings either.

Mr. Wildman: Privileged for whom, the doctor or the patient?

Dr. Doxey: Both. It is a very special relationship. It is a relationship that requires trust both ways, and if either party had to take out tape recorders and record everything, you would not have a trusting relationship. It is a voluntary encounter. It is made very clear to the patient that it is voluntary. If they do not wish to participate without recording everything, they are at liberty to do so without it in any way affecting their treatment.

Mr. Philip: It will be marked on their file that they were unco-operative, will it not?

Dr. Doxey: No, it would not. There would simply be a note back to the referring source saying the patient declined to undergo psychological assessment.

Mr. Wildman: That is a nice way of saying what my colleague just said.

Dr. Elgie: Does that have any impact on the people in the program, Dr. Kummel?

Dr. Kummel: Absolutely not. You have to realize that the whole program in Downsview is a voluntary one, despite what you may hear elsewhere. People come to Downsview and are given an introductory course on what we do, how we go about it and why. They are told from the word go, from day one, that if any of the treatments, interviews or whatever bother them in any way, physically or psychologically, to please come forward and tell us about it right away. If somebody, for reasons of his own, with due respect, declines to undergo psychological treatment or assessment, we respect that and it will not be held against that person.

Dr. Elgie: I would be troubled if it was held against him. The psychologists I know and to whom I have talked at the board appreciate that many people quite honestly are upset to have someone intrude into what they think about issues. It would be wrong to put any bad mark against somebody because he refused to do it. A lot of people do not want a psychological history done. To attribute any ill motive to it is inappropriate.

Mr. McLean: I have three questions. This morning, I observed a lot of clients in the hallways, lining up for lunch or for the gym. What security do you have that harassment does not take place among those people?

Dr. Kummel: We do not feel there is a need for security, because over the last 28 years there has been no sexual harassment in the lineups, say for the cafeteria at noon.

Dr. Elgie: He is talking about in general.

Mr. McLean: Do you have security on hand in the evening?

Dr. Kummel: Yes, we have a security force that is strategically placed throughout the floor, including and perhaps additionally on the hospital side, where people are bedridden and may be a little more helpless. We have a 24-hour nursing staff as well. All corridors are patrolled regularly by our security forces, 24 hours a day.

Mr. McLean: You have your own security.

Dr. Kummel: Yes.

Mr. McLean: How many complaints do you get in a year?

Dr. Kummel: These security people report to the assistant director of administration every morning. Do you mean about sexual harassment?

Mr. McLean: Yes.

Dr. Kummel: A little bum-pinch, if I may use that term, takes place here and there, but nothing that requires any formal investigation. I do not know the number. It would be less than half a dozen.

Mr. McLean: With regard to decentralization, what other regions of the province do you anticipate will show the need to be decentralized? Are you still doing the study or have you come to any conclusion on what areas you are anticipating?

Dr. Kaegi: We are still at the stage of doing the study. We are busy engaging work in Hamilton, Ottawa and two areas in Metro Toronto. We are also working with the Sudbury health council to see whether we can help with its desire to develop a rehabilitation service there. Those are the areas in which we are working at the moment. Once we get our WCB regional office established in Thunder Bay, I am sure that will be another area on which we will focus attention.

Mr. McLean: Are you looking at the Ottawa area?

Dr. Kaegi: Ottawa is in the study group.

Mr. McLean: There is a very high rate of unemployment that takes place after the workers are rehabilitated. Is there any way you can account for that?

Dr. Kummel: We have our own statistics. We look at people who have completed a full treatment program at Downsview. We find that of all those who have done so, 35 per cent, in round figures, are found to be medically fit to return to work. Efforts are then made and have been made through the vocational rehabilitation counsellor during their stay either to fit them into their former jobs or to find them new jobs. They help them to find those.

The other 50 per cent are declared fit for modified work, the great majority of them being declared fit for temporary modified work, meaning we anticipate further improvement over the next two or three months. These people will be re-examined at head office by senior personnel at the end of that period to determine whether they are ready to go to their former jobs or whether they still need more time. A small number of people are declared medically fit for permanent partial modified work, partial disability, and will be referred to pensions.

Mr. McLean: In the past year, have you changed your policy of trying to get injured workers back into the work force?

Dr. Kummel: No.

Mr. McLean: Are you operating on the same policy you have had for some time?

Dr. Kummel: We have had our vocational rehabilitation people assign one man to each case load, which was not the case two or three years ago, to enable each team to inquire into and investigate work possibilities for the patients, so there has been no significant change.

15:10

Mr. Wildman: I do not want to make this into a big issue, but could you clarify the term "bum-pinchng"?

Dr. Kummel: Somebody gives you a little pinch in the gluteus maximus.

Mr. Philip: It does not happen to me too often. Sometimes I wish it would.

Mr. Chairman: That is understandable.

Mr. Wildman: You do not consider that a reportable or serious matter?

Dr. Kummel: No, I would consider that part of life, to some degree. Let me point out to you that you are dealing with about 500 people under one roof during the day and about 400 people at night during the week. There is always some bantering. Sometimes there are some rude remarks, usually emanating from the male side. It has not come to anything serious at all.

Mr. Philip: Have you been pinched lately?

Dr. Kummel: I wish I had.

Dr. Elgie: Dr. Kaegi, would you like to comment?

Mr. Wildman: It might be useful to hear a comment from a female member of the staff about that view.

Dr. Kaegi: I was hoping you would not do that. I do not know the details of the case. I think most women would be offended by bum-pinching. In this day and age, I hope most women would retort or respond in some way to make it quite clear to the party that the behaviour was not welcome and that if it was repeated, it would be brought to the attention of the authorities. I hope our patients at Downsview would do exactly that.

Mr. Wildman: Thank you. I would like to follow up on some of the questions that have been raised. I apologize for the fact that I had another appointment this morning and I was unable to be in attendance at the hospital.

With regard to the matter raised by my colleague the member for Etobicoke (Mr. Philip) about doctors' billings, I think it is a widespread problem and it became particularly widespread during the recent dispute between the Ontario Medical Association and the provincial government with regard to extra billing. It raised the whole issue of billing for uninsured services now or subsequently. I think that has affected the attitude of many members of the medical profession.

Does the board do anything to try to encourage members of the medical profession to co-operate by providing medical information to representatives of their patients when the representatives have been given permission by the patient to represent them in appeals or discussions with the board staff?

Dr. Elgie: First of all, let us look at the record. As you know, any worker or his representative is now entitled to the full report. If the worker or the representative were to ask that medical reports be culled out, that would be done too. I am not sure what other steps you think the board might take, other than providing the representative or the worker with the full chart, including the medical information.

Mr. Wildman: I am not concerned about the board giving the information. I am concerned, for instance, that if there is an appeal and the representative has received the board's file and subsequently the patient has been referred to another specialist for an opinion, the representative then attempts to obtain the information from that specialist as to whether or not he or she agrees with the position of the board. Then you sometimes run into demands for payment of bills from the other specialist.

Dr. Elgie: That is exactly what Mr. Philip and I were talking about.

Mr. Wildman: It is quite widespread; I do not think it is isolated.

Dr. Elgie: No. If the board agrees that another consultation is justified, it pays the account.

Mr. Wildman: Sure.

Dr. Elgie: What Mr. Philip and I were talking about are the extremes you can have to avoid so-called doctor shopping. That is where you find the opinion you want. I do not think anyone would expect the board to pay for that multiplicity of reports.

Then there is the case where somebody has seen a patient without the board's permission or approval. As I stated, if the report clearly has an impact on the decision, the board will pay for it, but there still remains that area of limbo where a patient or a worker has been seen, the board would not otherwise have approved of a further consultation and yet the representative needs to get a copy of that report. Naturally the physician has already been paid through the Ontario health insurance plan. We are talking now about providing a report to a representative. We do not know an easy answer to that right now.

Mr. Wildman: He wants payment for the cost of preparing the report.

Dr. Elgie: Yes. I do not know an easy answer to that. I have had some calls about that in the past and sometimes physicians have taken up to three or four hours to examine a report on a patient and would request fairly significant amounts of money. It is a problem. I do not know the answer to it.

Mr. Wildman: On occasion, I have paid them the cost of the Xeroxing for the number of pages, but that is all I am prepared to pay.

Can you tell me whether the board has a list--maybe not a formal list--of a number of doctors in this province whose opinions the board is not prepared to take on the condition of workers?

Dr. Elgie: I do not know the answer to that. Do you?

Dr. Kaegi: Not that I know of, but I have not asked that specific question of the staff.

Mr. Wildman: The reason I ask is that I know, with one physician in my area--and for obvious reasons I will not mention the name--if an injured worker has an opinion from that doctor and comes to me to act as his representative, I have to refer him to another physician or request him to ask the doctor to refer him to another physician for another opinion, because I know if I go to an appeal with that doctor's opinion, it will not get anywhere.

Dr. Kaegi: I do not know the circumstances of the case, but I would be pleased to look into it.

Mr. Wildman: I can give you the details at another time. Is that an isolated case or is it widespread?

Dr. Elgie: I know of no list of physicians whose opinions the board will not take. Like all human beings, I think you would have to evaluate your own personal opinion of the quality of someone else's work and that might have an influence, but fortunately we have in place an appeal system that we hope can overcome any inappropriate biases individuals may have in evaluating the work of others.

Mr. Wildman: In discussion earlier about the psychological testing, my colleague mentioned this morning that you are using tests that have been prepared in other jurisdictions, in Europe for instance, to deal with cultural differences. You dealt specifically with the example of an Italian test. Can you give me some idea of what is being done in order to assure members of Ontario's francophone community that they are able to deal, particularly with regard to psychological examinations, in their own language rather than in a second language?

Dr. Doxey: The department is well able to provide the full range of psychological services in French. We have at least two or three members of staff who are fully bilingual. In addition, all of the tests that we routinely use are available in French.

Mr. Wildman: Is that true of your medical staff as well as the psychological professionals?

Dr. Kummel: Yes, we have a number of physicians on staff who are multilingual. Where a patient requires services in his or her own language, we have a permanent staff of qualified translators who will be called in to help.

Mr. Wildman: I have had complaints in the past from constituents who are French-speaking, about the fact they had to deal through what they thought was a nurse--I suspect it was a translator--rather than being able to talk to the doctor directly.

Dr. Kummel: Yes.

Mr. Wildman: One of the criticisms--it was repeated a number of times, and you may have dealt with it this morning--is the feeling some patients have when they arrive at Downsview, particularly after a long trip from northern Ontario. Having to stay away from home and then waiting and waiting for an examination, patients can get frustrated with their situation and it magnifies the problem for them. Having to wait for a long time and then finding the examination--I am talking mainly about medical examinations--to be cursory, to take a very short time, the patients feel they have not really got a fair shake from the medical staff.

15:20

I am not being overly critical of the medical staff, because I realize they are busy and have a heavy workload. Is that a problem or is it something that is magnified in the patient's mind because of his or her problems? Are patients getting thorough examinations before any opinion is rendered by your medical staff or are we in a situation where someone may come in and look at a back patient, for instance, say, "Stand on your toes, lift your legs, walk a little bit and bend over," and then walk out and say that is the end of the examination?

Dr. Kummel: First, the patients who come to us have been in the hands of other doctors for five, six, eight or 10 months. They have been seen by a variety of doctors and have undergone a variety of examinations before, the results of which are in our hands.

Second, it depends a little on what is wrong with the patient. If, for instance, he had broken his wrist and the findings of interest are confined to that arm and wrist, a knowledgeable doctor experienced in the examination of an injured extremity would indeed be able, with previous X-rays and reports,

to render a valid opinion in a relatively short time. We ask our staff to be as thorough as possible, to take their time and to explain to people what they do and why they do it. It is not necessarily so that if you spend another 10 minutes with a patient, your conclusion is going to be better. It depends on your expertise and how good you are. More often than not it is, I believe, a question of communication with the patient.

Mr. Wildman: It seems to me as a layman this is part of good treatment as well.

Dr. Kummel: Yes, of course it is, and since we have addressed ourselves to a number of psychological aspects here, our medical staff is very sensitive to patient needs in this regard. The psychological aspects in many people often outweigh the residual physical disability.

Mr. McLean: Did you say 64 per cent of your claims are back injuries?

Dr. Kummel: Yes.

Mr. McLean: How much time do your people spend with somebody who has a back injury? Is he X-rayed? I know you have the file before you, but how much time is spent with that injured worker?

Dr. Kummel: The chronic back will be examined more than once. There will be an initial examination with the medical information at the disposal of the attending doctor. There will be X-rays from the previous three months. If there are no X-rays from the previous three months, we will take new ones. A determination is made on whether at this stage, after eight months or so of chronic back pain, we require the services of an experienced orthopaedic specialist. More often than not, these back patients are then referred, with a written request on what we are looking for, the background and a request for an opinion, all of which is explained to the patient.

Furthermore, the patient is examined in all the areas where treatment takes place. He will be seen by a physiotherapist who is experienced in backs and by occupational therapists as well. Remedial gymnasts have an excellent idea of what constitutes a sore back and what does not and how to diagnose it. There are a number of examinations. The physician will re-examine the back, at the latest, five or six days after admission and talk to the patient again.

Mr. McLean: That is the part I want to get clear. If he is there for 19 days, how many times is a doctor going to see that patient?

Dr. Kummel: The doctor himself, on average, should and does see this patient about three times in a fairly lengthy interview and examination.

Mr. Wildman: Again, being a layman is sometimes helpful, because then you do not have any knowledge that may colour how you look at things. In other words, being stupid is sometimes helpful.

Mr. Elgie: It does not help me.

Mr. Wildman: I will not comment on that.

What I wanted to ask is related particularly to backs, because it seems to me that pain is very hard to quantify and very hard to measure. It seems to me that you can look at X-rays and find something abnormal and say this is a

cause of pain, but the pain that abnormality may cause in one individual may be quite different from the pain that a similar abnormality may cause in another individual.

That is where we get into the whole psychology of the situation. You have a problem with many back patients, who say, "The board thinks it is all in my head, rather than in my back." Surely if the person is feeling the pain, whether it is there because of his reaction to the situation, to a large extent, or because of the actual physical abnormality, the pain is real.

Dr. Kummel: In this case of what we call the chronic pain syndrome, where by all means of medical examination, X-ray examination, the patient has recovered from the back injury but complains of ongoing pain, that pain is indeed real to that patient.

Mr. Wildman: If it is debilitating, is the patient then disabled and should the patient be eligible for compensation benefits?

Dr. Kummel: Before I come to the end of that question, let me tell you that our approach to this problem is to convince by way of explanation, by friendly persuasion if you like, that--and I repeat myself--hurt does not equal harm, and that the best treatment this patient could give to himself is to continue moving, to keep going, to keep trying to get back to work even though his back hurts a little bit. People will have ups and downs in their back pain and eventually it will disappear, at least for some time.

Having said that I will as an afterthought tell you that we make absolutely sure there is no significant physical reason for this ongoing back pain.

Mr. Elgie: Dr. Kaegi, do you have any comment to add to that?

Dr. Kaegi: We are very interested in the whole syndrome of pain that occurs after an injury and which persists long after the point in which anything that you can measure with normal medical tests has gone.

It is good to recognize that if the patient is coming to Downsview, there is no attempt to somehow minimize pain that we cannot find an organic cause for. We recognize with our patients that that pain is very real and that what is necessary for them is to find a way to manage it.

We spend a lot of time with our staff at Downsview providing support for the management of the pain. Dr. Kummel talked about helping people realize that it is real and it is there, but that just because they have severe pain does not mean they have to become bedridden, that there are other techniques they can use to help manage that pain. Our physiotherapists and our psychologists help with that. That is really where the multidisciplinary team approach comes in, to help people work through the pain and manage it.

Mr. Wildman: Can you assure me that your surgical consultants who review a patient's file are specialists in the patient's problem area?

I will explain why I ask that question. On one other occasion when the Workers' Compensation Board was before the standing committee on resources development, I raised an issue where a man who had a back problem had his file reviewed by a surgical consultant, who concluded that there was no physical abnormality that should cause this worker to be unable to work. We

subsequently found out that the surgical consultant was a gynaecologist. I fail to understand that. I still do not understand the explanation I got at the time as to why a gynaecologist would be reviewing a back problem.

15:30

Dr. Kummel: The person you are talking about was indeed a gynaecologist, part of whose training included injuries of the muscular skeletal system. Part of his training included general surgery; that means trauma per se. A well trained gynaecologist has a working knowledge of injuries to the muscular skeletal system. I do not believe he was the surgical consultant. He was a sectional medical adviser at the time. If he had any doubts or if there was to be any appeal, it would then go to the proper surgical consultant, who has perhaps had more experience in this area.

We have also had urologists, people who deal with bladder problems and what not, trained in these areas, who are superb judges of what is wrong with somebody's back and what have you. With all respect, it would be wrong to say that a neurosurgeon would not be able to examine a shoulder properly. That person would be quite capable of doing that.

Mr. Wildman: I am sure a communications engineer knows something about building bridges, but if I wanted a bridge built I would get an engineer who knew how to build a bridge and had experience at it.

Dr. Kaegi: I would like to make a further comment. Many of the patients we have at the Downsview rehabilitation centre are back cases. It was also pointed out that part of their problem has been orthopaedic, certainly in the first instance. By the stage when they come to Downsview, they have a much more general problem that is affecting the whole person. One of the things we look for in our physicians at Downsview is someone who can deal with the whole person, who can be empathic with them in terms of how they are dealing with their pain and disability and the impact of that on their whole lives.

While an individual may have been seen by an orthopaedic surgeon in the community, at Downsview he may have his case handled by a general surgeon, who will use an orthopaedic consultant if he needs to, but who is charged with the responsibility of looking after the whole person and co-ordinating the care of the whole person with other members of the team and with consultants in the other specialities as required. We attempt to do the whole multidisciplinary approach.

Dr. Kummel: I believe you asked about a gynaecologist giving an opinion only by opening a file and without examining a patient at head office, not at Downsview. I think that was your question. More often than not you will find that in the file there is a very recent and excellent report by a specialist, a specific orthopaedic surgeon of high repute, on the strength of which our doctor then gives his opinion.

Mr. Wildman: I question that approach. As a layman, it seems to me that it is the job of every medical specialist or of any physician to treat the whole person. If someone has been examined by an orthopaedic surgeon who has rendered an opinion, then to have that opinion reviewed by a gynaecologist seems rather odd. Even after all of your explanations, it remains rather odd in my view. I do not think you are in any way suggesting that the orthopaedic surgeon was not treating the whole person. If his opinion has to be reviewed, why not have another orthopaedic surgeon do it? It seems strange.

I do not want to appear to be sexist, but it seems strange to me to have a gynaecologist examining a man who has a bad back, particularly if the patient ever finds out that the person examining him is a gynaecologist. I imagine the trust the patient would have in that person's opinion would not be great.

Dr. Kaegi: Are we talking about examination of the file or examination of the patient?

Mr. Wildman: Either way.

Dr. Kaegi: If it is examination of the file, a person with general medical training, and a gynaecologist will have had general surgical training, can review the recommendations made by an orthopaedic surgeon and go along with those recommendations. A gynaecologist would be unlikely to overturn that recommendation without seeking another orthopaedic assessment.

Mr. Wildman: Okay, fine. I will leave that then.

The other relates to the question of pain and whether a person can be returned to work. We have a real problem, as I know you probably have throughout your operation, particularly in northern Ontario where our industry is mainly primary, largely mining and forestry, heavy work, where we have a large number of people who have worked many years in those industries with probably very little formal education but who have tremendous skills in a particular area and may sustain an industry.

They are informed after some treatment that they have improved. They probably feel they have improved in many cases and are told they are now capable of modified work, and there is no modified work. The company tells them there is no modified work. What can the board do in those kinds of situations, particularly in our part of the province where it just is not available?

I have had situations where the board has told workers: "There is no modified work available for you here. Maybe you should move." You are telling a worker who may own his home, has paid his whole mortgage and has lived in an area--he may have been born and grown up there--that he better move. Of course, he does not have an assurance that if he does move he is going to get a job.

Dr. Elgie: It is a difficult area, one of the toughest we face. As you know, we use vocational rehabilitation. Many times it is successful, but not always.

As you suggest, one option that sometimes comes up is moving. In those cases, the board is (inaudible) paying the expenses of moving. I cannot tell you there is any easy answer. Sometimes there are changes in the industrial structure of a community with the resultant displacement of people who do not need modified working, let alone those people who need modified work.

Mr. Wildman: If a worker were to refuse to move, could his benefits be cut?

Dr. Elgie: I would have to check on the policy on that end.

Mr. Van Clieaf: Mr. Wildman, in the situation you have described, while there was temporary disability and no modified work available, the provisions of the act provide that full compensation be paid. While those benefits were being paid, our rehabilitation people would work with the worker within the community to do their best towards successful rehabilitation.

When temporary disability had reached a point of maximum recovery and if there was permanent partial disability remaining, the worker would be rated for permanent partial disability, granted a pension, and so long as there was reason to believe successful rehabilitation would result, a temporary supplement could be paid.

That could be paid for a period of up to three years normally while rehab worked with the worker. That activity could get down to retraining and education as required to try to provide the worker with something in his community.

I appreciate that in the north it is a lot easier said than done, but with the motivation and attitude of the worker, and even if we can get some job that pays a lesser benefit, the board will continue to look at that wage loss, if the worker can return to employment for the duration. That is indexed under the recent provisions of the act so the benefit retains its earning power. But in certain cases, depending upon the worker's skill and age, there are other provisions of the older worker's supplement that were introduced with the last amendment. I appreciate that in certain cases where rehab is simply not a realistic solution that section of the act can be applied.

The other side is that sometimes it gets down to whether a job is available, based on the training and the worker's skills. Sometimes moving does become an issue. Unfortunately, the act is not a wage-loss system at this stage of the game. The supplemental payments are temporary. There will usually be an end once you have exhausted it all and that is the process normally followed in a claim such as that.

15:40

Mr. Wildman: If the rehab officer has said, "You might be able to get a job if you move there," and he refused to move, you are not saying his benefits, his permanent partial disability pension, could be cut if he refused.

Mr. Van Clieaf: From a rehabilitation standpoint, I like to think that when it got to the point of actually moving it would be a last attempt. For all the good reasons you have mentioned, we will concentrate on relocating the worker in suitable employment in his local area. That becomes a last stand.

Mr. Wildman: You have not answered my question. If he refuses that last stand, can his pension be cut?

Mr. Van Clieaf: His pension as such will not be cut as it relates to the degree of impairment. The supplement could be paid for a period of time and then stopped.

Mr. Wildman: Do you agree that the rate of unemployment for injured workers is about 40 per cent?

Dr. Elgie: Are those the figures that are used for--

Mr. Wildman: The 1985 annual report of the board indicated an unemployment rate of 40 per cent among injured workers.

Mr. Van Clieaf: Yes.

Mr. Wildman: As well as an average income loss of 17 per cent.

Mr. Van Clieaf: If that is the figure quoted.

Mr. Wildman: Those are your figures.

Dr. Elgie: We do not have the report in front of us.

Mr. Wildman: Those are obviously provincial figures. I am interested in finding out what the figures are for the north, if you can separate those.

Mr. Van Clieaf: I will be glad to try to obtain that.

Mr. Wildman: I suspect they will be higher.

Mr. Philip: Are your computers set up to identify it by region?

Mr. Van Clieaf: We will have to look at other avenues besides the computer to gather that information.

Mr. Wildman: I would appreciate it, if it is not too difficult.

You were talking about the possibility of using rehabilitation facilities at other medical institutions in large centres across the province, so not as many people have to come all the way to Downsview. I understand about 670 injured workers from the Sudbury, Manitoulin and Algoma districts had to go to Downsview for treatment in 1985. Overall, the admissions to Downsview from northeastern Ontario were about 1,300. Then there are other facilities such as Falconbridge.

Can you indicate what stage of negotiation has been reached with Laurentian Hospital to relocate rehab personnel into the north?

Dr. Kaegi: The Sudbury health council is working with us and has met twice with our staff. At this stage, they are mostly collecting the data you have identified and some of their own data to try to identify their needs. We have not yet received their preliminary report.

Mr. Wildman: Do you have any idea when this process might be concluded?

Dr. Kaegi: I do not have the flow chart for their research here. I think it is within the next two or three months.

Dr. Elgie: In each of these areas in which discussions are going on, there has to be some analysis of costs involved. The new board of directors asks those questions and has to have the answers before any decisions are made.

Mr. Wildman: I suspect you are going to run into some problems when you start telling people you want them to move to the north.

Dr. Kaegi: Yes.

Mr. Wildman: It is too bad that more people in southern Ontario do not appreciate the beauty of the north and the opportunities we have there, but that is a fact of life.

Could you also indicate how you will deal with the problem the other way, with the patients? In many ways, it is easier to get to Toronto from Sault Ste. Marie than it is to get to Sudbury. It is a one-hour flight from Sault Ste. Marie to Toronto and it is about the same time by air from Sault Ste. Marie to Sudbury, but you have to go on a very small plane and you land and take off in between. Otherwise, if you cannot take a flight, you have to drive at least three hours from Sault Ste. Marie to Sudbury. You will probably have a situation where many patients, if they have to be referred to any facility, will prefer to continue being referred to Downsview rather than Sudbury. How will you encourage patients to go and doctors to refer in the other direction?

Dr. Kaegi: The point is very well taken and that very subject was the topic of discussion at one of our recent meetings. You are absolutely right that it is easier to get from the Sault to Toronto than to Sudbury.

It is important to make clear that at this point we are not looking at building mini-Downsvies around the province. We recognize there may well be from the north, as from all other areas of this province, some injured workers for whom we will always need to provide a Downsview type of comprehensive service. We are looking at ways to provide a multidisciplinary outpatient approach to a larger number of injured workers in the province. It may well mean we need a Sault Ste. Marie service and a Sudbury service. The smaller communities need to get a multidisciplinary outpatient service, so you are not uprooting patients from their homes and families. It is just as uprooting to move to Sudbury as it is to Toronto.

Mr. Wildman: I would support that and encourage you. I hope your views would permeate through the board and we would eventually have a board office in Sault Ste. Marie, as well as one in Sudbury.

Dr. Elgie: With her views and your salary, we can go a long way.

Mr. G. I. Miller: First, we appreciated the opportunity to visit the rehabilitation centre at Downsview this morning. It was the first time we have had the opportunity to do so. I was impressed with the cleanliness and the overall facilities there.

To follow up on the last speaker's comments, I suppose the biggest complaint from my riding is the back problem, which is very difficult to diagnose. Workers do not always agree with the doctors at the centre working for the Workers' Compensation Board. How much weight does a family doctor carry in supporting a local patient? Is his recommendation given consideration in support of the injured worker?

Dr. Kaegi: Yes, absolutely. We recognize that the injured worker has a very special relationship with his own personal or family physician. That physician is often the person who has been responsible for the care of that individual and his family for a very long time and knows the individual very well. The family physician is an important part of our total decision-making. We would like to think of him or her as part of our team.

However, what is offered at Downsview is a co-ordinated, comprehensive assessment of the patient of the sort that the family doctor typically does

not have access to. In many instances at Downsview, the request for admission is from a family doctor who is not really able to get that range of assessment in his own community. Yes, the family physician is part of the team. His opinion is taken into consideration. We do make an effort for our doctors at Downsview to discuss the case wherever possible with the family doctor so we get a co-ordinated team response to the whole patient.

15:50

Mr. G. I. Miller: I can see more clearly now that I have had the opportunity of listening to Dr. Kummel and his approach, which is not an easy one. It is dealing with special problems. Perhaps he will take a tougher stand than the family doctor or other physicians. Again, to give the benefit of the doubt, sometimes it gets down to the point of who rules in favour, and the second opinion of the family doctor. It has always been a concern whether you need medical evidence to appeal. You have people who will provide that. The Ombudsman recommended a few years ago that the benefit of the doubt should go to the injured worker. Does that policy still apply?

Dr. Elgie: The benefit-of-doubt principle has been a policy for some years. In the most recent amendments to the act, it was made a statutory provision that the benefit of doubt is to fall in favour of the worker.

As Dr. Kaegi said, the family physician's opinion is taken into account. You have to weigh all the evidence, including that of examining specialists; the total picture.

Mr. G. I. Miller: Let me ask about rehab patients or injured workers and their difficulty in finding work. The policy explained today is that if they can find a job that does not pay enough, the workers' compensation will pick up the difference. Is that principle being applied more easily so those workers are encouraged to find part-time work to supplement their income without being harrassed? Are they encouraged to go back into the work place?

Dr. Elgie: There are a lot of questions in that one question. First of all, we should understand whether we are talking about somebody who has a permanent partial disability pension. If the injured worker is eligible for a supplement under subsection 45(5), then there are provisions for supplements if the nature and degree of the injury has affected the whole person to a greater extent than one would have thought possible in other cases.

Mr. Van Clieaf said that as a rehabilitation measure, for a limited period of time, supplements may be paid to facilitate re-entry into the work force. If that re-entry is into a full-time job but not at the level of previous earnings capacity, then a wage differential supplement may be paid for a limited period of time as a rehabilitation measure. That is what the act allows us to do and nothing more. It is not a wage-replacement act. Those are the things Professor Weiler talked about in his 1980 report. Those are the things the minister is waiting for with respect to recommendations, again from Professor Weiler.

You also struck on the issue of part-time employment and how it might relate to any supplements, whether in general or wage differential supplements. The first issue that arises is: whose decision is it that the individual is taking part-time work? Is that the only kind of work he or she is capable of doing? If it is, then the supplement provisions come in to the fullest extent. On the other hand, if the injured worker decides without that general agreement that part-time work is the only kind of work he or she can do, then that is a different problem.

Mr. G. I. Miller: We have worked with some injured workers who may have found a part-time job on their own. They are using skills they were not able to use working with the rehab support worker. They should be encouraged to get into the work place and make their own way. It gives them a lot of self-confidence and perhaps that has been taking place.

I am concerned, for various reasons, about the smoking policy at the rehab centre.

Dr. Elgie: For it or against it?

Mr. G. I. Miller: I wondered whether you had any concerns about the policy. Have there been any requests from individuals there and what--

Dr. Elgie: First, let me respond in a general way and Dr. Kummel may add to it. The Downsview hospital, as it pertains to the staff there, has had a no-smoking policy for some time. However, neither the staff nor the board felt those rules could be arbitrarily imposed on injured workers who are patients there. Accordingly, areas in the hospital have been designated as smoking areas. Dr. Kummel tells me efforts have been made to improve the ventilation in those areas.

From an overall board perspective, we are now on a path that leads to a total board policy of no smoking for employees. The first stage of an educational process to help those who smoke, including myself, to stop that nasty habit starts today. In November there will be a period of limited smoking areas at the board as a total. January 1 is our target for full implementation of the no-smoking policy for our employees.

Do you have anything to add, Dr. Kummel?

Dr. Kummel: We have found surprisingly little resistance on the part of patients when we instituted this restricted-smoking-area policy.

Mr. G. I. Miller: If I was a patient, say an amputee, and I smoke, I would be concerned that I have a right to do that. It is not illegal.

Dr. Kummel: Under those circumstances, you would.

Mr. G. I. Miller: And you would have no problem?

Dr. Kummel: We have double amputees who cannot move very well, or seriously ill patients, and we declare certain rooms as smoking areas for these people.

Mr. G. I. Miller: They have access?

Dr. Kummel: Yes, they do.

Mr. McLean: I have two questions. In the early 1980s there were reports of injured workers being given truth serum or lie-detector tests to establish whether they were indeed injured. At the time, the WCB denied these claims. Are drugs ever administered or tests performed on patients to establish whether they are faking or not?

Dr. Elgie: I will let Dr. Kummel and Dr. Doxey answer. First of all, may I say there never has been and never would be any use of so-called lie detectors. As I recall those incidents, they related to biofeedback techniques

used in the treatment of people. It had nothing at all to do with the lie detector, which is an entirely different mechanism.

By truth serum, I presume you mean sodium amyta, although many others would add other components to that cocktail or might change the cocktail. That particular accusation related to the use of sodium amyta, which has been used by and large in evaluating conversion hysterias, if I am correct. That is from my recollection of neurological practice. I understand that is not in use by board physicians. Some physicians in general practice may use sodium amyta, but the board itself does not use it.

Having said all that, let me tell you, my friend, I have used sodium amyta in practice and was glad I was able to have it to help people with conversion hysteria.

Mr. Wildman: Did you ever use it before question period?

Dr. Elgie: Only if I could catch you in the hallways.

Mr. McLean: A constituent who has come back from Downsview indicated to me that there are a number of people whom he felt were did not really have serious injuries. What numbers do you feel would qualify under that statement?

Dr. Elgie: Before Dr. Kummel answers, let me make something very clear. Whenever sodium amyta was in use, it was not to determine whether somebody was faking; it was to determine whether there was a conversion hysteria element to the problem.

Dr. Kummel: The numbers of people who consciously--and that is the key word--play theatre or put on an act for secondary gain is tiny, tiny, tiny. I do not remember when I last saw a patient you could call a malingerer. That is the word you are looking for. There is a large number of people in whom the malady lingers long after the malady has subsided. That is not by their own doing. This is the pain syndrome we have been talking about.

We do not have a problem on a large scale with people who put on an act to get compensation payments and fake their way through Downsview and then, as they leave, tell their comrades, "Did I ever pull the wool over their eyes?" We do not have that to any extent.

Mr. McLean: It was an injured worker who brought it to my attention. I was curious.

Dr. Kummel: There is some exaggeration going on here and there.

Mr. McLean: Do you feel many complaints made against the medical examinations that have taken place have been justified?

Dr. Kummel: To be brutally honest, which I should be, there has been the odd case of a little fatigue in dealing with a particular clientele which tests your reserves very severely. Having had no success in rehabilitation with a number of people, the time comes when you perhaps lose a little bit of that extra sensitivity you need and should have with each and every patient. That is human. I make no excuse for that. We try to monitor that daily and to tell our doctors, "You have to remain absolutely sensitive to all these things." There may have been the odd one where a guy says: "I have had enough of you. Why do you not go to work?" This is extremely rare.

More often than this, you will find that people hear what they want to hear and perceive what they want to perceive. Instead of perceiving, "Even though your back hurts, the best thing you can do for yourself is to go out and do something," they perceive, "It is all in your head."

Mr. Philip: The major complaint I have is that your people do all these hours of assessment and medical diagnosis and there is a file with documentation that the patient has a major problem, but when the patient goes downtown to the assessment centre, the doctor there examines him for 10 or 15 minutes and, without ever opening the file, he decides he can go back to work. We have case after case of that. Not enough attention is paid by the assessment centre to the medical reports or files that your people have sent down. It is not just the medical reports but those of the physiotherapists, who probably spend a lot more time with the patient than people with the initials MD after their names.

I say that to Dr. Elgie. I realize it is not your problem, but it is a criticism I have of the assessment centre. I have sent certain cases to Dr. Elgie. Since Dr. Elgie has been in that post, when I have written to him with medical documentation, I have found that things have been overturned and new decisions have been made. There has been quite an improvement. I compliment him on it. That is something you will want to look into. I hope there will be greater co-ordination of it.

Another thing I find sometimes in rehabilitation is a lack of knowledge of the real job world. I sent a case to Dr. Elgie not so long ago--and thanks to his reviewing it we had a change in the decision--of somebody who was sent back to work as a trimmer. The issue was that we had people--or whoever made the decision anyway--call up and ask the employer, "Is it a heavy job?" The employer said it was just light work.

We were able to supply about this many copies of the invoices of the work this fellow was doing and highlight exactly the type of work he had done in the past and what his job was. An example is that a windshield weighs 125 pounds. Putting one of those things in is not light work. There is a lot of muscle strain, let alone the weight. When bending over and putting trim on or moving around a car seat, which are parts of the job also, there is muscle strain, stretching and so forth. It seems to me that some decisions or recommendations are being made without a real knowledge of the work place. Perhaps it is a staffing problem, but you really have to go out and see what the job is before you make those recommendations.

Dr. Kaegi: You are correct that when you decide someone is fit for regular work or to return to his former regular work, you need to know the exact nature of the job. It is hard for our staff. We do not have the staff to go out to visit each and every work place. In a large work place we depend to some extent on the knowledge of an industrial physician at the place of work, who should have a detailed understanding of the work demands there. That is a difficulty.

Mr. Philip: Except that in my riding there are no large plants. I have some constituents who work in de Havilland and Boeing and in some of the airport positions, but mainly they are small companies with 25 or perhaps 100 employees at the most. You do not get that kind of thing.

We talked at some length this morning informally and off the record about the psychological problems of being an injured worker. As I pointed out to Dr. Elgie, I took the time, perhaps an hour, in the standing committee on

the Ombudsman to go through case after case, using initials and claim numbers instead of names, showing where there have been abominable delays. It is the delay and the feeling that you do not know what is happening to you that, I think, creates more physical damage through the psychological overlay or whatever other technical term you want to use.

The Ombudsman is meeting with me to go over those files, and I am pleased that Dr. Elgie said that he would send somebody along also. I have one guy who, even after we won the case and it was agreed he would be paid, has waited six months to get a cheque. If he is ever going to be rehabilitated, the anxiety of waiting six months after he was told he was going to get paid is bound to increase the stress level and slow down the rehabilitation program at each process, not to mention that it creates a stress level in my office. We have better things to do with my time and my assistant's time than say: "Look, we are sorry, we do not have the file yet. We have been waiting eight weeks to get the damned file. We have ordered it, but it has not been sent to us."

If you are going to intervene, then you have to do so as quickly as you can, get files to the representatives and get the hearing dates as quickly as possible. Some of the delays are on our part because we cannot get the letters from the doctors. The doctor may take six or eight weeks, and therefore we have a problem, so it is not entirely the board's problem. One of the things you do have to do, though, is speed up the system, because that really adds to the stress of the patient and, therefore, the recovery time.

Mr. McLean: Do you not think this is where our whole problem is?

Mr. Elgie: I do not believe you can ever solve all these problems to a degree of perfection, but that certainly is one of the goals of the reorganization that is taking place now.

In the area of client services, not only does it aim at integrating a case management approach to each individual's problem, but also we are looking at breaking down the whole thing into smaller units so that the issue of the missing file, the "I can't get through on the phone for a long time," will subside, we hope. It is important that there be some geographical representation, even if we ran it at 2 Bloor Street East, so there is greater communication and personal relationship with the people who are dealing with your problem.

It is ludicrous to be mad at the system. We have to work at clearing up systemic problems that anger people. We may not always be able to solve the anger about the decision but anger at the process is something we have to try to avoid. That is what we are working towards now.

16:10

Mr. Philip: It is interesting that when Eleanor Meslin took over--she came from the Ministry of Labour--

Dr. Elgie: Yes, I know.

Mr. Philip: --she said, "In this computer age, it is preposterous not to have a system whereby every file should at least be brought forward every three weeks at the maximum if something has not been done to it."

I am trying to build the same kind of thing into my computer system,

which we are just getting. A constituent will be informed at least every three weeks that we are still waiting for such and such a thing, even if it is only a form letter, so he knows we are aware of him, we know he is still alive and we have not lost him somewhere in the shuffle. It also catches the case of a minister or somebody not having answered your letter after three weeks when it is about time to send him another copy.

In a computer age, you can build in that kind of system so that people are not lost in the cracks. I have had constituents come in and ask, "What has happened in my case?" I look it up, and they say: "My goodness, I have not heard from you in six months," and, "I have not heard from the minister," and, "I have not heard from the board." If I ask, "Why did you not come in to see me earlier?" they reply that they put it off or they thought I would eventually call them.

If we could build the recycling process into our computer systems, that need not happen. It is a natural thing that would happen under the old systems with the filing cabinets and all the other paraphernalia that went with them. It is very easy to misplace people, but in a computerized age there is no reason for that to happen any more.

Mr. Chairman: Any further questions or comments?

I have one brief comment. Dr. Kummel, we talked at lunch about the complaints against staff and the process that was in place with respect to some of the complaints that were lodged with the media yesterday and whether there is any validity to them. You mentioned the patient representative program, and I was reading about it in this information for patients. It is my observation that perhaps it could be a little more precise in spelling out for residents of the facility that it is a means of lodging complaints against staff that anyone might have.

This is rather vague and suggests that you are discussing mutual problems and making suggestions. If someone does have a specific complaint against a staff member, it might be beneficial to have it spelled out a little more clearly. I do not know what you do in terms of the discussions you have with people coming into the facility, but it is certainly not as clear as I believe it should be to cover that sort of problem when it arises in the future.

Dr. Elgie: We will review the pamphlet. The committee might be interested to know that we have a patient representative. The patients themselves elect, from among themselves, a representative with whom they may discuss complaints and problems.

In addition, I have been having discussions with the worker adviser's officer, and for matters relating to an individual worker's claim, the worker adviser will soon be opening a part-time office at the board for a trial period of six months to see whether a service can be provided, particularly for out-of-town people, that might be of assistance to them. That is another endeavour that is under way.

Mr. Philip: Some of my colleagues are no longer referring people to the worker adviser, much as we respect Mr. Di Santo and have done so over the years, because the backlog is so large, even though my personal experience was that the people I dealt with there were excellent staff and knew what they were doing, notwithstanding that one of them used to work for me--you guys pay better than I do. When you get a backlog that is so long, constituents say:

"What the hell? Are you going to handle it? I am not going to wait that long."

Mr. Wildman: I realize the Sudbury office is increasing its staff, but I understand there is a six-month backlog now for the worker adviser. If you are getting them to open a new office in Downsview at the hospital, I hope you will encourage them to open one in the Sault as well.

Mr. Philip: I do not know how you handle this, but I am told by people inside the workers' advisory office that some MPPs send all the case work over there. To me, that is inappropriate use of the workers' advisory. I try to keep the workers' advisory for very difficult cases where I can get advice and so forth. I do not know how to say this tactfully, but if some people are abusing the system, maybe it means the rest of us who want to use the system legitimately in the way I think you intended it are getting cut off. You may have to do some education on that.

Dr. Kummel: We have a three-tier system to address ourselves to patient complaints. The first one is based on the knowledge that if you get a complaint early, the chances of clearing the air are much better. When we introduce patients to Downsview, we tell them in fine detail, if anything is not to their liking, if they feel the program is too heavy, if they think the food is bad, the accommodation is bad, people are rude to them, whatever the case may be, to go immediately to their doctor and complain about it. The doctor is responsible for them while they are there.

Point two is that they are told about the patient representative. If they do not get satisfaction from the treatment team, they should go to see the patient representative who, in turn, will go to the patient liaison councillor, who reports to the assistant director of administration. Action will be taken at that level. We hope to be able to look after things in that way, without having to resort to the patient adviser in large numbers of cases.

Mr. Chairman: We appreciated your hospitality this morning. I am sure we are all impressed with the facility and the services. We thank you for your contribution this afternoon.

I remind members that we are meeting tomorrow morning in room 228.

The committee adjourned at 4:18 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS
ALLEGED CONFLICT OF INTEREST
THURSDAY, OCTOBER 2, 1985



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

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Harris, M. D. (Nipissing PC)

Miller, G. I. (Haldimand-Norfolk L)

Philip, E. T. (Etobicoke NDP)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Hennessy, M. (Fort William PC) for Mr. Harris

Ward, C. C. (Wentworth North L) for Mr. Ferraro

Also taking part:

Gillies, P. A. (Brantford PC)

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Bell, J., Legal Counsel; with Shibley, Righton and McCutcheon

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, October 2, 1986

The committee met at 10:12 a.m. in room 228.

ALLEGED CONFLICT OF INTEREST
(continued)

Mr. Chairman: We have a number of items on the agenda, and I will review them briefly to see whether there is anything the committee feels should be added. We have Mr. Philip's notice of motion; Mr. Pope's notice of motion; the receipt of the Blake, Cassels report; and the audit reports we asked Mr. Bell to pursue with us some weeks ago. Is there anything else that we should be tacking on to that agenda?

Mr. Gillies: I do not at this point have a written notice of motion, but I would like to inform the committee of a motion I intend to bring in at some point. Would you like me to do that now?

Mr. Chairman: You can give notice now, if you like.

Mr. Gillies: Thank you. Members of the committee will recall that when I first raised the matters in the House that led to the Caplan inquiry, I expressed a concern about a number of investments that had been made by the Innovation Development for Employment Advancement Corp. in the last year of its operation. I do not know whether members have seen one of this morning's daily newspapers, but the single largest investment, an investment of approximately \$5 million, made by IDEA in its last year was to a company called Graham Software.

I expressed concern about that investment at the time. It has now come to light that the company is in financial difficulty, in the process of merging with another company and has laid off 25 employees. It leaves a big question mark in my mind about where the public's investment of \$5 million is left in all that turmoil.

I would like to inform the committee that I will be bringing forward a motion suggesting that our committee review that investment. In fact, if it is further indication of the way IDEA was conducting its business in its last 12 months or so, I may well broaden that motion to a review of IDEA's operations by the standing committee on public accounts in the last 12 months or so.

Mr. Chairman: All right. We will accept that as notice. We will move on to the first item on our agenda, Mr. Philip's motion. Copies are being made right now, I am informed.

Mr. Philip moves that:

Since there has been some confusion regarding the specific findings of the committee's inquiry into the alleged conflict of interest by Elinor Caplan, MPP, this committee is of the opinion that:

1. Mr. Caplan's role as an officer of the Wyda corporation and, in particular, his involvement in negotiations between Wyda and IDEA, a crown

corporation of the province of Ontario, are a clear breach of these guidelines and a conflict of interest.

2. The guidelines apply to Wilf Caplan as the spouse of Elinor Caplan. It was clearly her responsibility, as well as the that of the Premier (Mr. Peterson), to be certain that she and members of her family acted at all times in compliance with the guidelines. Her assertion of ignorance of her husband's activities is not a defence. It was her responsibility and obligation as minister of the crown to know. Elinor Caplan was, therefore, in breach of the Premier's own guidelines governing conflict of interest.

3. The Premier is, by his own admission, at fault for failing to enforce the guidelines he had adopted. Despite the changes he inserted in the previous guidelines, it has been clear since 1972 that they apply to spouses. They, therefore, apply to Elinor and Wilf Caplan, as was clearly known by the Premier, Mrs. Caplan and her husband.

4. It is, therefore, this committee's judgement that Elinor Caplan should not be reappointed to the cabinet before the launch of a new process to better govern conflicts of interest through legislation, as recommended by committees of the Legislature.

Mr. Philip further moves that the chairman present this report to the Legislature and move its adoption.

Mr. Philip: This does not open up or amend the original report. This is a new, distinct report which could be introduced to the Legislature at the same time as the original report, which we have completed and which all members of this committee have signed.

The reason for this is in my letter to you, Mr. Chairman. I allege that my privileges as a member were violated inasmuch as I, as a member of this committee, signed a consensus report. That report was leaked by some members of this committee to the papers prior to the time at which it could be presented by you in a special press conference. I find this to be a breech of my privileges as a member of the committee.

In so doing, the Liberals presented their view of what was in the report, a view I do not believe other members of the committee share. During the press conference, they dissociated themselves from the report or from parts of the report, to the point that Herb Epp even claimed he did not agree that Mrs. Caplan did not properly exercise her responsibilities as a minister.

The Liberals have made a mockery of this process and impugned not only their own credibility but that of the Legislature and its ability to investigate the conflict of its own members, a time-honoured tradition in parliaments. In the 11 years I have been a member, it has always been my understanding that a gentleman's handshake is as good as his word. The Liberals have dispelled that notion. I have always felt that when someone put his name to a report, he agreed with that report.

We worked very hard in coming to a consensus, for long days between nine o'clock in the morning and often after midnight every night, trying to reach not only a factual consensus but also an agreement on words that all of us could live with. The Liberals understood that we in the New Democratic Party and those in the Conservative Party made a number of concessions on the wording of the report to reach a consensus report.

Our reasons for that were fairly clear. Long after Ed Philip and Elinor Caplan are not remembered, what we hope will be in place is legislation dealing with conflict of interest that will protect the taxpayer. We felt it was important not only that the findings regarding Mrs. Caplan be agreed to by all members of the committee, but also and more particularly that we have a consensus report regarding recommendations, because as those of us who have been here for 11 years, as I and Mr. Wildman have been, know consensus reports have a greater chance of being adopted than nonconsensus reports, particularly if the dissenters happen to be from the governing party.

10:20

Therefore, after all that work, we had a report we thought stood on its own. It was factual, it came to some conclusions and, more important than the conclusions we came to about Mrs. Caplan, it made some serious recommendations for reform. This is the only province that does not have conflict-of-interest legislation. We did this only to find, frankly, that we were taken by complete surprise and shock that the Liberals were to behave in what I consider to be an unparliamentary and unprofessional manner.

I dare say Ms. Caplan's position as a minister has been put in a worse position as a result of the inappropriate activity of the Liberal members of her caucus. I find that unfortunate because I have a lot of respect for Mrs. Caplan. As a minister, in those areas where she made some reforms, she was quite competent. She took into account the views of certain opposition members; at least, she met with me and adopted some of the recommendations I made. I find that terribly unfortunate because it casts a shadow on her which really should not be cast by members of her own caucus.

As a way of clarifying this, I am moving what amounts to a second report, which simply states very clearly in the first three items what we feel is contained in the report and, in the fourth item what we believe should be the process that is now followed by the government, namely, the reappointment of Ms. Caplan, after the processes have been put in place that have been recommended by the various committees and the former Lieutenant Governor of Ontario. I leave this with you, Mr. Chairman, and I look forward to the debate that will follow.

Mr. Chairman: Thank you.

Mr. Pope: I would like to indicate to the members that I do not intend to rehash what went on in camera in this committee in an attempt to arrive at a unanimous report, nor can I comment on statements made at a press conference at which I was not present. However, I would like quickly to review the issues as I see them in speaking to Mr. Philip's motion.

First, the original allegation in the Legislature that was made by Mr. Gillies was specifically the following, which I quote from June 10, 1986, page 1305, of Hansard: "The second largest was a grant of \$3 million to Wyda Systems Inc. of Scarborough, a company that retains as its financial consultant the spouse of one of the Premier's senior cabinet ministers."

That was the extent of the allegation made by Mr. Gillies that started this investigation. It is important to put that allegation before all of you again today and, frankly, it is important because of some of the comments that Ms. Caplan and others have made as this investigation continued. The allegation was that "the second largest was a grant of \$3 million" and that this company "retains as its financial consultant the spouse of one of the Premier's senior cabinet ministers." That was the allegation.

This committee was asked to investigate that allegation and proceeded diligently to do so. We spent long hours, put counsel to a lot of work in helping this committee and brought in a lot of people on a very co-operative basis to appear before the committee. I should also dispel anyone of the notion that Elinor Caplan volunteered to come before the public accounts committee. The opposition parties, those that have the majority of seats in this Legislature, indicated to the government that this matter would go to the public accounts committee, would be investigated and, therefore, Elinor Caplan would be summoned to appear before the committee.

There was no such thing as a voluntary approach by Elinor Caplan to appear before the committee. It was not something that was initiated by the government to clear the air. It was something insisted on by the opposition parties.

Therefore, I want to say that if you examine Mr. Gillies's original statements on June 10, 1986, the findings of this committee prove he was exactly right and, in fact, there was more to it than Mr. Gillies knew at the time. Mr. Gillies's allegations were correct.

Every member of every party worked hard and in good faith to obtain a unanimous report because we knew we would be the first report on this matter. It was important that all three parties somehow came to a unanimous agreement on what had to be done. That included some unanimous finding of fact with respect to Elinor Caplan and her husband.

We worked hard. The Liberal members gave, the opposition members gave, there was a lot of discussion and there was a genuine effort made by every member of the committee, including the Liberal members, to arrive at the unanimous report. I did not think there was any need to restate the obvious, but I cannot stand here and allow a perversion of the obvious to take place in the interpretation of what this report means. Therefore, I want to make a few quick comments.

First, the conduct of the Premier (Mr. Peterson) in this matter, conduct of which he appears to be so proud, is regrettable and reprehensible. He has been supercilious and condescending to this committee and to the treatment of conflict of interest in his government. He said his government was open, yet we had to get a Speaker's warrant against the Premier of the province for the first time in history to get the Blake Cassels report. He seems to be proud of that when he is asked by the press for his response to having the Speaker's warrant served on him.

The Premier told us that everything was in order, that all the t's were crossed and all the i's were dotted and that the cabinet members were squeaky clean. Then he came before this committee and admitted that he never involved himself personally in the administration or enforcement of conflict-of-interest guidelines and that he had never even met Blenus Wright. This is from a man who was publicly saying in the Legislature and to the people of the province that he had things under control and well-managed. The truth is that he had nothing under control and the thing was totally mismanaged.

There is more to running the province than appearing on the front page of Toronto Life as part of the red army. There is nothing more central to democratic government than conflict of interest and public trust in the cabinet members of your government. There is nothing more important to be properly managed than conflict of interest. It was properly managed by

previous governments. When there was a conflict of interest, ministers paid the price. They paid a severe price.

The fact of the matter is that while the Premier was announcing to the Legislature that he was going to call for a review of the entire matter, on July 2, 1986, there was no mention of the fact that he himself had issued amended guidelines in September 1985. I challenge anyone to read his July 2, 1986, statement and find any reference to the fact that there was a new set of amended guidelines in existence which had been in existence since September 1985. There was no admission there. In fact, he said the guidelines had not been changed for 14 years. The truth of the matter is that he had embarked on a course to change the guidelines after he came to power.

Clearly, what the Premier said to the Legislature on July 2, 1986, was not accurate. The fact of the matter is that he had Mary Ebets interview cabinet ministers on their personal holdings and personal concerns over conflict of interest in June and July 1985. She wrote letters to a number of cabinet ministers, indicating that she understood their problems and was going to recommend changes to the Premier in August 1985. It is clear that in September 1985 new guidelines were issued for the cabinet ministers of his government and those guidelines were weaker than the previous guidelines, which Premier Davis had instituted in 1972.

They were weakened by the allowance of blind trusts and by allowing companies to contract with the government when cabinet ministers' interests in those companies were in blind trusts. Those were two substantive changes. The guidelines were not published. They were not given to the opposition. They were not put before the Legislature. It was an internal process. No one knew there was a new set of guidelines until this inquiry started. What kind of way is that for a responsible leader of a government in this country to handle something as important as the conflict-of-interest issue?

10:30

Our committee did no more than quote the Premier's own words in the report and his own words indicate that he never spent any time on this matter, that he never administered it and he now wishes he had. His own words condemn him for mismanaging this issue and, by quoting his own words, the committee so found. Because we quoted his own words, we did not think it necessary to state the obvious and that is why we rested with his own words.

There are some other allegations I would like to deal with. First, there is a question as to whether or not Elinor Caplan did breach the conflict-of-interest guidelines. I do not think there is any doubt about the findings of the committee on this point. Page 24, paragraph 22 of the report, talks about the fact that the initial retainer violated the guidelines. There is no doubt that Wilf was in violation of the guidelines and the committee so found. There is no doubt in paragraph 22 that the breach of the guidelines was a knowing breach. It was not accidental. It was not incidental. Wilf Caplan knowingly breached the guidelines at various times during his association with Wyda. He knew what the guidelines were. He had received advice which he ignored. He knowingly breached the guidelines.

If you look at the guidelines, and we included them in our unanimous report in section D(2), they apply to cabinet ministers. It says, "Conflict of interest: ministers." It says, "All members of cabinet will make public disclosure of the following...properties...." It continues two paragraphs later, "During the time members of the cabinet hold office, they will be

subject to the following obligations and restrictions." "They" does not refer to spouses, it refers to cabinet ministers. On a clear reading of the guidelines, we are talking about cabinet ministers being "subject to the following obligations and restrictions."

First is the one with respect to land. Second, "No private company in which a minister or his or her family have an interest may become contractually involved with the government of Ontario unless the interest of the minister or family has been placed in a 'blind trust' set up in accordance with these guidelines." That applies to cabinet ministers. It says no member of his or her family can have an interest in a company doing business with the government of Ontario. It means that if any member of the family has an interest in a company doing business with the government of Ontario, that minister has a conflict. It is clear from the reading of the guidelines that is the case.

This committee found that Wilf Caplan had an interest. We specifically use the word "interest" in the sense that is contained in the guidelines. Therefore, Elinor Caplan breached the guidelines. That is clear from reading the guidelines themselves. Let there be no claim that a reading of the guidelines and the conclusions of this committee do not lead to the conclusion that Elinor Caplan was in breach of the guidelines.

We can talk about the nature of that breach. That is fair comment. It relates principally to the activities of her husband. Yes, it does. But Elinor Caplan breached the guidelines on the face of the guidelines in the plain and ordinary reading of them.

Were there economic benefits to that breach? There is a claim by Elinor that the findings of this committee say there was no economic benefit, but in its conclusions this committee agreed unanimously to say otherwise. We concluded that Wilf Caplan had an interest in Wyda. We do that on page 66 of the report. We defined "interest" in the definitions section, the first part of the report; we defined what "interest" meant. We said it was a contractual involvement likely to improve the status or lot of the minister--i.e., the minister or spouse "will or may benefit measurably as a result of the contract." That is on page 60 of the report. It is clear on the face of it.

Specifically between Wilf Caplan and Wyda, I refer you to the chronological summary unanimously adopted by this committee. The committee unanimously found, on page 17, paragraph 8 in the chronology, that at the very first, Mr. Caplan discussed the possibility of IDEA as a potential investor in Wyda and, in general terms, his retainer by Wyda. "The evidence is unclear as to the precise date when the initial retainer was finalized. It was, however, concluded some time prior to June 16, 1985." There was a retainer arrangement between Wyda and Wilf Caplan, and Wilf Caplan was paid money through Damaza." The committee unanimously found that.

I refer you to page 17, paragraph 8. We found that the original retainer was \$2,000 a month, plus five per cent equity, plus \$50,000 for the second-round financing. We found that as a fact, unanimously. We found that the retainer was changed five times, but still we found that there was an economic benefit, because we found that Wilf Caplan was paid for his efforts on behalf of Wyda. We found that at page 46 of the chronological summary, unanimously adopted, paragraphs 74 and 76, and on page 19, paragraph 14. We also found on page 19, paragraph 13, that he worked for Wyda and that he was paid for his work.

We also found unanimously, on page 20, paragraph 15, that he was told to get out of it, to sever his relationship. We found unanimously that "sever" has a plain and ordinary meaning: get out of it altogether.

We found that Mary Eberts's interpretation after the fact of the word "sever" was "unique at best," to quote the words, and we found that "sever" meant, in its plain and ordinary meaning, "dissociate yourself completely."

That was the unanimous finding of this committee. How can you then, after the fact, interpret the committee's report as saying there was no finding of economic benefit? It is clear, in the chronology of events adopted unanimously by this committee, there was.

On page 34, paragraph 52, we found that Wilf Caplan deliberately and knowingly stayed when he knew he would be in breach of the guidelines. We ascribe a motive to his staying: the benefit of his clients. We did not comment on that stated motive. If it had been a partisan report, I can tell you, we would have commented in our interpretation on the believability of that motive. But we opted not to make it a partisan report, simply a statement of the facts as found.

I refer you to page 39, paragraph 61, and page 40, paragraph 64. It is clear to me that Wilf Caplan was an important part of the negotiating team when the deal went from \$1 million to \$3 million and when the deal was restructured from a technology acquisition to a debt repayment system. We found that as a fact. It happened in January and February 1986, and we found the restructuring of the investment in a way not contemplated by the board of directors, the change in the investment, was to one of debt restructuring and debt payment as opposed to technology acquisition.

What did Elinor know? This committee found unanimously at page 18, paragraph 10: "In early to mid-May 1985, Elinor and Wilfred Caplan travelled to the Far East on vacation. During that trip, Wilfred Caplan informed Elinor Caplan, in general terms, of the retainer he was then negotiating with Wyda, including the equity and lump-sum contingencies."

We found that unanimously to be a fact.

On page 25, paragraphs 24 and 25, we go into some depth with respect to the August 6, 1985, letter from Wilfred Caplan to Elinor Caplan, and that letter details the relationship between Wyda and Wilfred Caplan and Damaza.

10:40

The committee made a finding. The committee has been unable to determine who drafted this letter, although it is clear it was not prepared by Joyce Bryant, Elinor Caplan's personal secretary, the person identified as the author by Wilfred Caplan. Regardless of who actually drafted the letter, its content could only have originated from Wilfred Caplan. We found that unanimously, in spite of Mr. Caplan's testimony that he did not know anything about it.

Further, there is some confusion whether the letter was ever sent to Elinor Caplan, since she had no recollection of its receipt or its content, and Wilfred Caplan indicated to the committee he eventually decided not to sign it. That notwithstanding, a copy of the letter was sent to Mary Eberts, which she received and retained in her file.

Turning to paragraph 25 on page 26, Bryant, who is Elinor Caplan's secretary, testified that she typed this letter from a handwritten version given to her by Elinor Caplan, which she, Bryant, believed to be Wilf Caplan's handwriting. When she completed typing the letter, she handed it directly to Elinor Caplan and asked for her opinion on its format. After examining the letter, Elinor Caplan advised Bryant, "That is fine." This committee unanimously found those to be the facts with respect to Elinor Caplan's knowledge.

As well--and we did not include it in our summary--Joyce Bryant testified clearly that if they ever wanted to reach Wilf Caplan, they called Wyda because that is where he was. It was well known in the office that is how you reached him.

I have already commented on some issues with respect to credibility. I just want to say that this committee found we did not believe the explanation of the word "sever." We took it at its plain and ordinary meaning.

I should also say that had this been a partisan report, as Mrs. Caplan would want you to believe, we would have commented on other things with respect to credibility, including the conflict of testimony between Joyce Bryant and Elinor Caplan with respect to the August letter from her husband and how much she knew about Wilf Caplan's location at Wyda Systems and his work for it.

We would have commented on the credibility of Mr. Logan's explanation of the memo of October 1985 that pointed out a contrast, when on its plain and ordinary meaning it was a comparison. It was alerting the staff of the Innovation Development for Employment Advancement Corp. to the fact that Wilf Caplan was involved and who he was. It was sent around to the staff and kept on the file. We would have commented on those kinds of things had we wanted to have a partisan report, and made some comment on some of the statements that were made to this committee by some of the participants.

We would have commented and explored why Elenus Wright took the positions he did before our committee, which seemed at variance with some of our own personal experiences with him. Who gave him the marching orders?

We wanted to make this a nonpartisan report, a report that would have some meaning and would stir the government to action on the more important issue: how the public perceives us, what kind of trust and confidence it can have in the members of the cabinet of the government as it carries on its daily business. That is what we legitimately attempted to do.

There are a lot of unanswered questions in this matter. I have told the members of this committee on many occasions that I do not think this inquiry is over. Not only are we talking about Elinor Caplan's conduct and Wilf Caplan's comments, we are also talking about the investment of \$3 million of the taxpayers' money and what happened to that \$3 million. It happens to be a very important issue for this committee, particularly as the public accounts committee--the explanation of the debt restructuring, the payments made in the 11 days between April 19 and April 30 when \$1.5 million was paid out of the \$3 million, only \$185,000 of which went to purchase new computer equipment.

Mr. Philip: I wish somebody would pay off my bills that way.

Mr. Pope: All of these issues are important issues that affect the decision-making as to whether or not \$3 million had to be invested in this

company, whether or not it should have been invested and what the impact of the \$3-million investment is going to be on the development of this new technology for Ontario, for the benefits and jobs it will give for our fellow Ontarians.

I am not satisfied we have all the answers on that yet. On a couple of occasions, Mr. Gregory raised his request for more financial information. On numerous occasions during this hearing, I objected to the relevancy screen that was being thrown up to this committee time and time again by witnesses who appeared before us. We have an obligation to the taxpayers to delve more fully into the \$3-million investment, and I intend to pursue that at a later time.

I want to end by saying it is clear that this committee meant in a very nonpartisan way to give some advice to the Premier, to help him to resolve something he has not managed well. Obviously, he was searching for new directions. With the support of all three parties in the Legislature, we attempted to help him to construct a new conflict-of-interest system. It was not a partisan exercise. I believe the partisan exercise started at the press conference and perhaps before with the statements the Premier made.

No one is absolved from this matter, and this matter is not over. There must be action taken by this government. Surely no member of this committee, reviewing the chronology of events that was unanimously agreed to by this committee, can say Elinor Caplan was not in breach of the guidelines. The simple, plain and ordinary meaning is that she was, and there was economic benefit to her spouse because of it. This is a matter the Premier must view more seriously than he does at present.

Mr. Epp: As you can appreciate, the government members of this committee are completely and unequivocally opposed to this motion. We are opposed to it on a number of bases. First, it is contrary to parliamentary procedure to submit a report to the Clerk of the House and then ask for it back and say, "We want to make some changes in it now because we have--"

Mr. Philip: On a point of order, Mr. Chairman: This is not being done. If the honourable member had listened to my opening remarks and if he will read the motion, he will see this is not a reopening or an asking back or an amending of an original report. It is a new report to clear up the confusion caused by you and other members of the Liberal Party who deliberately dissented from a report--

Mr. Chairman: Order. You have made your point.

Mr. Epp: As I have indicated, this is a rewriting of the original report after the original report was released during a press conference a few weeks ago.

Mr. Wildman: You tried to rewrite it orally.

Mr. Epp: It is contrary to parliamentary procedure to do this. There is no precedent for it. In fact, we are trying to create bad precedent. I am not in favour and this government is not in favour of creating a bad precedent such as is before us today. As you know, the chairman of the committee on Legislative Assembly, Mr. Breaugh, a member of the New Democratic Party, has said this should not be done, and he is regarded as an expert on parliamentary rules.

Mr. Wildman: By yourself. Who appointed him? He is a nice guy.

Mr. Epp: This is not the first time you are disassociating yourself from the comments of your colleagues.

We also know that the Clerk of the House has this report and does not believe we should rewrite it, as is being proposed. The public is tired of these tactics. The public has had an opportunity to study the report and to look at its findings. We stand behind that report in its entirety and we have always stood behind it. We also agreed we could give it the interpretation we wished. That was the agreement of this committee as we developed it in camera.

I want to restate that we are not in favour of this motion. We are completely and unequivocally opposed to it.

Mr. Wildman: I want to respond to the comments made by my friend Mr. Epp. He said this would be a bad precedent. With respect, Mr. Epp should be an expert on bad precedents, because he and his colleagues set a very bad precedent for this committee at the press conference. I was not present at it, but I watched the coverage of it.

10:50

As has been said--and I will not reiterate all that has been discussed here this morning--all of us in this committee worked in camera and, frankly, it was not just members of this committee who were involved. The Premier's office, the Leader of the Opposition's office and the Leader of the New Democratic Party's office were all involved. The members of this committee and all the members of the House understood the importance of arriving at a unanimous report, a consensus on the wording, because not only does this have a tremendous influence on the future of Ms. Caplan's career, but it is also important for all members of the Legislature and for the public.

We are talking about an issue that, when it is resolved by this Legislature and by the government, will affect not just the members of the Legislature who are elected today, but also members for a long time to come. It raises a lot of important issues about how members should deal with their own financial situation and their family's financial situation to be able to serve in the executive council, the cabinet. All members of all parties were very interested and very concerned that we get agreement.

As my friend Mr. Pope indicated, we could have very easily, as a majority of this committee, come up with a very tough report that was much harder on the Caplans and, for that matter, on the Premier, than we did. The members of the Liberal Party on this committee moved a great distance to enable us to reach a unanimous report.

That is why I feel I have been used. I feel I have been used by the members of the Liberal Party and by the Premier's office in this whole process. Mr. Epp indicated that in this motion we are attempting to get permission to rewrite a report that has already been tabled. I submit that it is not we who are trying to rewrite the report. The rewriting began at the press conference.

Frankly, if we had known that kind of interpretation was going to be put on the report by members of the Liberal caucus, we would not have had a consensus report. It is quite true that all members of this committee said we

would stand behind the report but that we were free to put our own interpretation on what the words meant. That is the option of any member of any committee with regard to a report that he or she has signed. However, it is quite another thing to say we do not agree with this report or that we do not agree with certain parts of this report. If you did not agree with it, you should not have signed it.

You could say, quite legitimately, that your interpretation was that Ms. Caplan had shown bad judgement, as is stated in the report, but that she did not intend to break the conflict-of-interest guidelines. Frankly, that is the interpretation I expected members of the Liberal caucus to put on the report when I signed it.

I also expected that members of the Conservative and NDP caucuses would say, "If Ms. Caplan did not intend to break the guidelines, in fact, she was in conflict because of her spouse's activities." I expected the Liberals understood that was what we were going to say. Those are differences of emphasis and differences of interpretation. They are quite legitimate. However, it is not legitimate for a member who has signed the report to state publicly, when that report is tabled, that he does not agree with it. What in hell does his signature mean?

My colleague has said the public is tired of these kinds of tactics. I agree with him. I think the public is tired of these kinds of tactics, but it is not our tactics that have caused this embarrassment, and I think this is a major embarrassment for this committee and for the Legislature.

I regret that we are involved in this process. I regret that we have come to the point of having to ask the committee to reconsider and to restate a position. It is unfortunate that we have to state the obvious.

Mr. Pope referred to the problems we went through in trying to get a definition of the word "sever" during our deliberations. Now it seems we have to get a definition of the word "consensus."

We all agreed that Ms. Caplan showed poor judgement. By extension of her husband's conflict of interest, unanimously accepted in this committee, she herself was in conflict. I saw that as a sin of omission rather than commission, and I expected that after the report was tabled, after some period of contrition, if you want to use that term, Ms. Caplan could have been returned to the cabinet by the Premier.

However, I am afraid the comments made by her Liberal colleagues at the press conference and subsequently, and her own comments subsequently, make it very unlikely Ms. Caplan can ever be returned to cabinet, and certainly not in the near future. In making those comments, I submit the Liberals have hurt their own cause. I regret that because I respect Ms. Caplan as a very competent member of this Legislature who made some errors and exercised some poor judgement but would have learned from the experience. I think we all would have, but apparently some of us did not.

The major part of the report that I thought was of significance for the future was the part that quoted the Premier. As Mr. Pope said, we did not state the obvious; we let the Premier's words stand by themselves. That was a decision made by this committee because we wanted to have a consensus that we would just quote the Premier's statements rather than making critical statements of our own against him.

It is clear the Premier admitted there were new guidelines that were weaker than the previous guidelines. In his own words, they were useless. It is clear the Premier said he failed to monitor compliance with those guidelines adequately and that he had failed to enforce them. That is clear from his own statements.

In my view, that was the major part of that report for the future, which had ramifications for all members of the Legislature, particularly those who might be appointed to the executive council.

I regret we are involved in this process. Throughout the previous investigation of the Caplan affair, I attempted to avoid apportioning blame, because as a long-standing member of this committee, I take seriously its attempt to avoid the normal partisan approaches we take in the Legislature. I know other people do not necessarily put the same emphasis on that as I do, but I find that very important.

If there has been any bad precedent set, I think it has been set by those members of the Legislature who, on the one hand, signed the report and, on the other hand, publicly stated they did not support it. That reflects badly on those members themselves, but it reflects even worse on this committee and on its credibility in any report it tables from this time henceforward.

I urge the members of the committee to support the motion because it states what was meant and it restates it clearly. I suspect what will happen is that this will be a majority passage of this motion, with the minority on the committee voting against it. I submit that we on this committee are put in this partisan division because of the actions of the Liberal caucus, which sabotaged a consensus report.

11:00

Mr. Hennessy: Sitting on the committee and talking to people in northwestern Ontario, I find that everybody is interested in what is going on down here. They do not have all the facts that the people in the southern part of Ontario do, but this affects all the members of the House, myself and all the members here. A lot of people pass the snide remark that all politicians are into the till, that everything is underhanded. A lot of people have that opinion, and if the committee does not clear up this matter, we are going to be faced with a cloud over the Legislature for many years to come.

I do not agree with Mr. Epp when he says the public is tired of this report. If you are going to take the report and sweep it underneath the rug, the general public and the taxpayers' dollars are not going to be served by the members of the Legislature. As a member of the Legislature, I feel we should come to the truth of the matter and make whatever decisions are necessary. It may be painful but naturally there are rules here that we have to abide by.

If the average citizen steals a loaf of bread, he can be charged and put into jail. If members here more or less use money for their own needs, or whatever it may be, and then get a slap on the wrist, it does not make the average person who is on social services and trying to get by day by day--to have some member of the Legislature, whether it be myself or anyone else, more or less be given a medal for what he has done. As far as I am concerned, the committee has to go by the facts put before it and come to a decision.

I do not think this is a partisan committee, as some people may like one to understand. I think the general public, reading the newspapers and listening to the media outside here, want to know what the members of the Legislature are going to do, going by the evidence they have received. I do not think for one minute the general public is tired of hearing of this report. They want to know what is going to be done with the report and will welcome any decision that is fair and just.

Mr. Ward: A big concern I have is about the precedent being established here, but more important is the process. After three and a half months of hearings and difficult negotiations, this committee did present a consensus report. The signature of every government member is on that report, as is the signature of every other member of this committee.

Time and again during the course of that process, it was contemplated and discussed on many occasions that perhaps, because we could not reach agreement on some of the more contentious issues, there would be a majority report and a minority report. We talked about that openly. Certainly, the report is silent on some specific issues, and we were well aware of that before it was released. We discussed the fact that those issues were subject to the interpretation of each individual on this committee.

I really do not understand what is going on here because, after three and a half months of public hearings, hours and hours of discussion on the facts that relate to this issue, the committee released a report that each and every member signed. Now, after 10 to 14 days of public reaction, another report is going to be issued, and it seems to me the only basis for that report is the reaction. It certainly is not on the basis of any new factual information. That speaks for itself. Who here is dissociating himself from the report? It is not the government members. It is obviously the opposition members. There can be no other interpretation to that.

We went into that press conference. A statement was read at the beginning by the chairman. It had not been a statement that we discussed, but that was certainly his right. I do not mean that as a criticism of the chairman, because I think he did an excellent job during the course of those three and a half months.

The members of this committee gave their interpretation to matters that were not dealt with specifically in the report. We discussed that in camera. That should come as no surprise.

However, perhaps the opposition members now want to have it both ways, where they get the government members' signatures on a consensus report and then want to proceed with a majority report on the basis of public reaction and no new information, because there is no new information. I see we have motions with regard to further audits. We have done something like \$30,000 worth of audits. We sat here one night and looked at bank deposit slips and cancelled cheques. We did not find anything during the course of that investigation, but I see we are going to proceed further with that. We have no difficulty with that.

However, members of this committee will not participate in the writing of a second report solely on the basis of public reaction. We signed that report, you have our signatures and the report speaks for itself. You may not like some of the interpretations that are put on that report, but we do not like some of your interpretations either. Frankly, on the whole issue about who was dissociating themselves from the report, I think the facts speak for

themselves because it is not us who are going to participate in the writing of a second report.

Mr. Gillies: A lot of the ground has been covered a number of times this morning about the report itself and what it found. I do not propose to talk about that at length. Suffice it to say, as my colleague Mr. Pope and members of the New Democratic Party have already pointed out, the report speaks at one point to the meaning and scope of the conflict-of-interest guidelines. It says very clearly that the guidelines are to cover ministers and their spouses.

The report we tabled several weeks ago indicated that Mrs. Caplan had exercised poor judgement, that she had not lived up to her responsibilities as a minister and that her husband was in conflict. Perhaps the mistake we made in the report was that we did not at that point restate the obvious. The obvious is that if Mr. Caplan was in conflict of interest, so was Mrs. Caplan, because that is what the guidelines say. I regret that we did not say that in the report. At the time, I did not think it necessary, but clearly it was.

The exercise we went through on the day of the release of the report is one that disturbs me a great deal. As other members have stated, we worked very hard and diligently, long hours through the summer, to try to come to some fair judgement of the facts in this case and to come to some sort of consensual or even unanimous report that we could all sign in good conscience for all of the good reasons that have already been stated.

We agreed to a number of things in camera. We agreed that members of the committee would not give any advance notice of or leak the report to anybody. We agreed in camera that we would go before the cameras and restate the things we had stated privately. As honourable members, surely that was one of our obligations--to give a fair and factual report of what it was we felt had happened in this case. What we felt had happened in camera was as it was stated in the report. Mr. Caplan was in conflict. Mrs. Caplan exercised poor judgement. She was captured by the guidelines. She was also in conflict.

Where I got very upset at the news conference was to hear members of the Liberal Party dissociate themselves from the report by stating in public that which they had not stated in private, which was their revelation before the news conference that Mrs. Caplan was not in conflict. That is completely incorrect. I listened to members of the Liberal Party say this morning that we are in some way dissociating ourselves from the report. That is nonsense. I stand behind every word in that report. My only problem with the report, as I stated a minute or two ago, is the omission, and the omission is that we should clearly have stated Mrs. Caplan was in conflict. However, I did not dissociate myself nor will I dissociate myself from any line of that report. I say to my friends Mr. Ward and Mr. Epp, that is exactly what you did when we brought the report before the public.

The exercise we are going through this morning is unfortunate, but it is necessary because of the events of the day the report was tabled before the public. In my opinion, there was a deliberate confusion of the facts to try to put some political topspin on this report.

11:10

The report was leaked early in the day. All of us here on the committee know people in the gallery. We know who to phone when we want to know who leaked it, and we know that advance notice of the report came out of the

Premier's office and from Liberal members of the committee. We know that. We know that the Premier was commenting on the report--

Mr. Philip: The morning of the report.

Mr. Gillies: It boggles the mind. I think back. Can you imagine Bill Davis commenting on the contents of a committee report before it was tabled? It was a clear breach of parliamentary process.

Mr. Wildman: Bill Davis never commented on anything.

Interjections.

Mr. Gillies: The Premier saw nothing wrong. He saw no problem with going out before the report was tabled and saying everything was just fine. What we are going through this morning was necessary to reinforce the committee's findings that everything was not fine.

The Caplans were in breach of the conflict-of-interest guidelines. Mr. Caplan benefited for a period of months to the tune of \$2,000 a month. He benefited in latter months to the tune of \$8,000 a month. Ivan Fleischmann, a self-described "Liberal hack," was retained for \$30,000 to do some of the work of retaining the IDEA money that Mr. Caplan did not feel he could put himself in the position of doing. At the same time, Mr. Fleischmann said he was having lunch with deputy ministers to raise money for the Oriole Liberal association. Everything was not fine in this case. It was far from fine. I guess we had to go through this morning to restate it.

The other point I want to make this morning is, as I have stated, the report indicated bad judgement and a failure to fulfil ministerial obligations on the part of Mrs. Caplan. Based on some of the public statements I have seen her make since the report was tabled, I happen to think that bad judgement on her part continues. Mrs. Caplan is quoted in the press as saying that she did not really understand what a conflict of interest was. She said that she was not in conflict; that she was only in breach of the guidelines.

I would say back to Mrs. Caplan that when you breach the guidelines, you are in conflict. If she fails even at this date to understand the gravity of what her husband and she, implicitly, were doing all those months, then clearly she has not learned a lesson from this process and, in my opinion, is not eligible for reinstatement to the executive council.

We have a term around here that sometimes gets chuckled at in the House or in the gallery when we all call each other honourable members but, to me, that has meant more than just an antique phraseology. We are honourable members. We are supposed to be honourable members. When we work on something as crucial as this report, I assume that what we do in camera and what we talk about and decide in camera is equally valid when we go before the public. It may be that some members fail to understand that, but I think this is entirely regrettable.

Of course the official opposition will be voting for this resolution. As a result of the political games that were played in the latter stages of this report, I will always refer to this affair in my public statements as part of the report because, as far as I am concerned, it restates the facts very succinctly.

Mr. Chairman: Are there further comments before Mr. Philip winds up?

Mr. Philip: The members of the Liberal Party have tried to say that in some way this report, which I have tabled this morning and which we are about to vote on, is somehow a change of precedent, a changing of the rules of the House.

The fact is that we agreed to table a report on the conflict of interest of Elinor Caplan because we thought it was very difficult for a government to have this over its head. At the same time, we agreed there were certain matters still outstanding that this committee would continue to look at and that we might indeed table subsequent reports related either directly or indirectly to the original report that was tabled with the Clerk of the House.

The very fact that Mr. Bell, our counsel, is still here is testimony to the fact that the Liberals agreed with the New Democrats and the Conservatives that there were other matters that were still within the order of our investigation as brought down by the House. If we were not still looking at these matters, Mr. Bell would not be here. He would be earning money elsewhere today.

Mr. Gillies: Probably more of it.

Mr. Philip: Probably a lot more of it. So the argument that somehow there is a new precedent set in the tabling of this new report is completely erroneous and without any kind of foundation. This committee continues to table reports on various matters related to the expenditure of moneys and the safety of the taxpayer.

The despicable and unethical behaviour of the Liberals is certainly, in my opinion, a breach of my privileges. If they did not leak the report, I ask each and every one of them to assure us in this public forum, on the record, that he did not leak it.

Over the past years, this committee has turned out many consensus reports. I do not recall in all of my years in the Legislature and in all of the years I have been a member of this committee when a report was tabled and then substantial parts of that report were distorted and dissented from by those who signed it. The argument by Mr. Ward that it is merely a matter of opinion or interpretation is completely spurious. When Mr. Epp stated at the press conference that he disagreed with the conclusion that Ms. Caplan exercised poor judgement as a cabinet minister, never mind the conclusion--

Mr. Epp: On a point of order, Mr. Chairman: I did not state that. I was asked whether she was negligent and I said that I did not think she was negligent. I was not asked whether she exercised poor judgement.

Mr. Gillies: That clears it up.

Mr. Philip: When Mr. Epp stated at the press conference that she had not failed in her duties as a cabinet minister and was not negligent, which is clearly in the report--

Mr. Epp: On another point of order, Mr. Chairman: Mr. Philip is going out of his way to try to be confrontational. I wish he would stick to the facts and only the facts.

Mr. Philip: The facts are that--

Mr. Epp: If you want to talk about--

Mr. Chairman: Order. I urge all members to restrain themselves and not to get into the kind of shouting match that we experienced on Monday or I am going to have to adjourn the proceedings. I am not going to allow it to deteriorate to the extent it did the other day.

I am going to allow Mr. Epp one more comment and then we will allow you to continue, Mr. Philip. But I would urge all members to restrain themselves in respect of their comments.

Mr. Epp: As I have indicated, if Mr. Philip wants to practise being an honourable member, and I am sure he does, then I ask him to stick to the facts and nothing else.

Mr. Wildman: He does not need practice.

Mr. Philip: I do not need a course in ethics from the Liberals. The Liberals needed the course in ethics when they leaked the report, when they distorted the report and when the Premier, on the morning on which the report was going to be released, stated in his leak to the press that it cleared Elinor Caplan of any wrongdoing and any conflict.

That was a complete distortion of this report. I know of no incident in which a Premier in this country has ever done that prior to the release of a report. That kind of behaviour by the Liberals, that kind of unethical behaviour, that kind of behaviour where the Liberals signed the report, distorted it and then dissented from that report, first by leaking it, then by leaking their own conclusions on it, and then even dissenting from it in the public press conference in which we presented the report. That is the reason we are here this morning and the reason it was necessary to introduce this new report, which clearly states where a majority of the members on this committee stand.

It is not an interpretation of the press. The press was all over the place on this. One reporter I read started with the headline, "Liberals Shoot Themselves in the Foot." That obviously was not favourable to the Liberals. If they are trying to indicate that somehow the press misinterpreted, the press did not misinterpret the report. The press saw the report and drew its own conclusions. The report stands on its own.

This report we are voting on now is to clarify the misinterpretations the Liberals have put on in their completely despicable and unethical behaviour.

Mr. Chairman: We have Mr. Philip's motion before us. There has been some question about precedent being set. I do not know whether there is any point in pursuing that at length, because I think we can all recognize the numbers and what is going to occur. We did investigate it, knowing the question would arise, and there is nothing to prevent the committee from issuing a further report or reports.

Mr. Wildman: Did you consult with the member for Oshawa (Mr. Breaugh) about this?

Mr. Chairman: No, I did not. If it has not yet concluded consideration of its order of reference dated June 16, 1986, and the committee's report was not labelled the final report, but neither was it called an interim report, we could get into a discussion of semantics here today, but I do not think that is going to be very productive.

I am not going to rule on that unless I am requested to do so by members. I think we should proceed with the vote, knowing what the outcome of any such request is going to be in any event. I am saying we can exercise some common sense. I will proceed to put the motion to the committee unless there is a request.

Mr. Epp: I want to state at this time that we stand behind the report, as I have indicated earlier. We are not dissenting from the report. We are dissenting from some of the interpretations some people gave to the report. I have stated that over and over, and Mr. Ward has stated that. We are not dissenting from the report. We stick with the report. We have put our names to it.

We have no intention of participating in this vote. It is a vote to revise our original report. It is not a new report. It is part of a rewriting of the original report. We have no intention of participating in that vote.

Mr. Chairman: Thank you. I am going to put the question. You all have a copy of Mr. Philip's motion before you.

Mr. Gillies: I want to be clear. Do I understand the parliamentary convention is that an abstention is counted as a negative vote?

Mr. Chairman: That is my understanding.

Mr. Gillies: Thank you.

Mr. Chairman: We have the motion before us. All in favour of Mr. Philip's motion?

All those opposed?

Motion agreed to.

Mr. Chairman: The next order of business is Mr. Pope's motion.

Mr. Pope: Mr. Chairman, can you find out whether they are coming back for this?

Mr. Chairman: Will the clerk see if they are coming back for the remainder of this? We will resume at 11:30.

The committee recessed at 11:24 a.m.

11:39

Mr. Chairman: Can we get under way again, please? We have had 15 minutes.

Mr. Pope moves: "Be it resolved that a full and complete audit for the period May 2, 1985, to date be undertaken with respect to the financial affairs of Avi Dobzinski, Wyda Systems (Canada) Inc., Ivan Fleischmann, Canadian Intercorp, Wilfred Caplan and Damaza Consultants Ltd. to determine any payments made with respect to the matter under investigation by this committee."

Mr. Gillies: Mr. Chairman, on a point of order: Do you know if it is the intention of the Liberal members to return?

Mr. Chairman: I am advised they are considering it, but we have a quorum. The meeting was not adjourned. I had originally indicated a five-minute break and we have waited for 15 minutes now.

Mr. Wildman: May I speak briefly on the point of order?

Mr. Chairman: All right.

Mr. Wildman: It is your ruling that we did not adjourn, a quorum is seen and therefore the committee can continue, but--I am glad to see a member of the Liberal caucus has returned--I suggest that subsequent to our leaving this morning perhaps we could convene a meeting of the steering committee to ensure that we can continue to operate as a committee and that we do not have a disruption of the committee's operations because of the events this morning.

Mr. Pope: I do not know if anyone has an intervening position to put before they come with a (inaudible) motion. Mr. Bell, do you have any comment?

Mr. Bell: I had better, whether I do or not.

Mr. Chairman, as you know, I am here today to report to the committee on a number of matters that have been continuing. My concern is that because the matters have been dealt with heretofore in camera, no debate or discussion of this motion in any way disclose matters that have been already dealt with in camera. It may be more appropriate to ask me to report on my matters before this motion is debated. If that is so, I ask that the committee go in camera to receive my update. I feel quite strongly about that because of the circumstances of the committee's agreement to deal with those matters in camera. They affect those parties with whom you have had dealings.

I heard some comments this morning about concerns for the integrity of the process. I have a concern with the integrity of the process too, that nothing be done to change the terms of dealing with matters unless you follow the process that you have already undertaken and agreed to; that is, that nothing be disclosed of a confidential nature without giving the parties affected thereby an opportunity to discuss matters with you and make submissions to you in camera. Of course, that opportunity is not available today. In those circumstances, I would be gravely concerned if you did not proceed in this way.

Mr. Wildman: Mr. Chairman, on a point of order: You will recall that on Monday a number of the members of the committee indicated that as a result of the fiasco that resulted from the in camera discussions of our consensus

report and the subsequent discussions that occurred in public, many of us believed we should no longer operate in camera on this committee so we would not run into the same kinds of problems again.

I still feel that way personally. Upon reflection, the matters Mr. Bell was to report to this committee were originally to be reported in confidence, and that was the understanding of the individuals involved. I would not like to break any commitment that this committee has made to Mr. Bell or to the people involved. I suggest the committee consider some process where perhaps one member of each caucus and the chairman might consider the matters he has to report on and that there be no debate about how this committee should respond or what further actions this committee should take during that kind of a session, and we then meet in public to consider further what proceedings we want to follow. I would like the committee to consider that suggestion.

Mr. Pope: May I short-circuit your comments? I do not have any objection to the committee considering what it is going to do with the information we obtain from any process that Mr. Bell or other members of the committee feel comfortable with, but I feel this motion should be voted on while we have the committee sitting.

Mr. Wildman: I agree with that. My comments were not directed to your motion.

Mr. Pope: I know; neither were mine.

Mr. Chairman: If we deal with Mr. Pope's motion right now, we may resolve the whole issue.

Mr. Philip: May I ask a question?

Mr. Chairman: Mr. Ward indicates that he has a procedural question.

Mr. Ward: I have a brief comment. I had brought to my attention by a private citizen that there was some discussion as a result of a conversation with a committee member that related to the private financial affairs of a nonpolitical person in this process. It really distressed me. I suggested that the individual write to the chairman and I do not know whether he pursued it any further.

I am not doing this to make accusations or anything like that. All I am saying is, for goodness' sake, when we undertake these sorts of processes, let us respect the individual's privacy in totally unrelated, nonpolitical kinds of information. I was not there, so I leave it to the person involved. I put that forward as a caveat.

Mr. Philip: I listened to Phil Gillies's more general motion and I am prepared to support Mr. Pope's motion, but I would rather see it in the context of the general motion put by Mr. Gillies. That may delay it, but I would rather see the two combined in a kind of general motion that we pursue as an ongoing work of the committee.

If Mr. Pope wants his motion to stand, that is fine; I will vote for it. But I think Mr. Gillies's more general motion is the direction I would like to go with the committee. Mr. Pope's motion would be kind of a specific, separate part of it. I do not know whether we can wrap one around the other and do it that way. I think that makes it a lot neater. It would mean that it would not get voted on today, but it would be voted on when Mr. Gillies's motion comes up, which would be another a week or so.

Mr. Chairman: We have some time constraints on the use of this room. Would the committee agree to go in camera for 10 minutes to hear what Mr. Bell has to say and then come out of camera and deal with Mr. Pope's motion or whatever?

If we want to pursue in a public forum the matters Mr. Bell has discussed in camera, that is a decision the committee will have to make, but I think we should respect Mr. Bell's concerns. When we entered this area, it was on the basis that those matters would be dealt with in camera. Perhaps we can get this whole exercise under way if we agree to go in camera for a few minutes to hear what Mr. Bell has to say and we can make a decision with respect to these other matters following that. Is there any problem with that?

Mr. Philip: I suggest it would serve that purpose if Mr. Pope would stand down his motion and speak to it later, perhaps incorporating it into Mr. Gillies's motion. It serves that purpose, while at the same time it may not be necessary as a result of whatever information Mr. Bell may have.

Mr. Epp: I just want to say that we support Mr. Pope's motion and we support Mr. Wildman and Mr. Bell in the sense that it is best to have it dealt with in camera. It is your suggestion now that we start dealing with this in camera and we can decide there; but I wanted you to know that we feel this matter should be dealt with in camera.

Mr. Pope: I do not mind dealing with the matter in camera, but I would just like to have the motion approved and then we can deal with everything else in camera; about how it is going to be dealt with and--

Mr. Chairman: Are you all agreeable on that? Any further discussion on the motion? There seems to be all-party support.

All in favour.

Motion carried.

Mr. Pope: We have consensus.

Mr. Chairman: Before we move to the in camera session, we sat following the issuance of the Speaker's warrant and the Premier did provide us with copies of the Blake, Cassels report. I wanted to provide the opportunity for members of the committee to comment on the report itself.

11:50

Mr. Gillies: I expressed some concern publicly the other day about the Blake, Cassels report. I thought it was clearly inadequate. It did not turn up a fraction of the information regarding holdings and the business affairs of ministers that Mr. Aird was able to find. As far as I could see, Blake, Cassels did not even examine the tax returns of ministers and missed any number of things that Mr. Aird's examination turned up. I do not know what was paid for that report, but I have a hunch that if it was more than 50 cents, it was too much. I wanted to register some concern about that. In fact, I wonder if somebody can refresh my memory as to who did foot the bill for that report.

Mr. Philip: The taxpayers.

Mr. Gillies: Yes, but through which agency?

Mr. Epp: Which report?

Mr. Wildman: Blake, Cassels.

Interjections.

Mr. Gillies: I just want to register a concern. I thought it was superficial and woefully inadequate, and whichever arm of the government paid for it should review the invoice very carefully, because I do not think it got its money's worth.

Mr. Epp: You do not know what it is, so you cannot say to the people whether they got their money's worth.

Mr. Gillies: I just said that if they paid more than 50 cents for it, it was not worth it. Mr. Aird turned up any number of things that Blake, Cassels did not find regarding nearly each and every minister. It was a very minimal report.

Mr. Wildman: I agree. For the life of me, I do not understand why the Premier was not willing to give that to us right away. There is nothing in it. As far as I am concerned, it is a complete waste of money. As a resident of the north and someone who visits this committee from time to time, I must admit this whole process has opened my eyes to the competence of Bay Street.

Mr. Bell: My office is there.

Mr. Wildman: The people who claim to be the corporate whiz kids in this province seem to me to be getting paid a lot of money for very little work, at least in my experience on this committee.

Mr. Pope: Except for Mr. Bell.

Mr. Wildman: I was not including Mr. Bell.

Mr. Epp: I want to caution the committee with respect to drawing conclusions with respect to the bill and so forth that would reflect badly upon this matter, because although there are a lot of things, you got only a few pages of the report. I know in my own instance they called me (inaudible).

Mr. Wildman: You mean there is more?

Mr. Epp: No. I am saying they interviewed all the cabinet ministers and all the parliamentary assistants, and to go through that process and so forth, you cannot all of a sudden say that they dealt only with the people who are mentioned in the report. They dealt with a lot of other people and that all took time and effort. That is all I am saying.

Mr. Wildman: Mr. Chairman, I am insulted. I do not quite understand this. Mr. Epp, you have a tendency to make statements and muddy the waters.

Mr. Epp: I am not muddying the waters.

Mr. Wildman: Are you saying there is more to that report that we did not get?

Mr. Epp: Do not be silly, Bud. I am saying that, in fact, they interviewed a lot of other people but they mention only a few. They

interviewed all the cabinet ministers. They interviewed all the parliamentary assistants. They decided not to comment on what they heard. You know they interviewed everybody. Everybody said they interviewed everybody but Elinor Caplan and René Fontaine. That is what I said.

Mr. Gillies: Mr. Epp, I think I understand what you are saying now, but all I want to know is whether the written report that we received, as given by Blake, Cassels to the Premier, is in its entirety.

Mr. Wildman: I hope so.

Mr. Gillies: That will be issued. If they interviewed other people and chose not to write it down, that is fine. But if we have an expurgated version of that report, we have a problem.

Mr. Epp: No, absolutely not.

Mr. Wildman: (Inaudible). Now I understand why the Premier did not want to give it to us as soon as we asked for it. It is the most innocuous piece of junk I have seen.

Mr. Chairman: We are not supposed to deal with comment on this report.

Mr. Philip: Having been in the consulting business, I can say only that certain firms have a habit of providing a service that is not requested but which they feel the client wants. This seems to be a good example of where something was presented, not perhaps what was requested but what may have been anticipated to have been wanted.

I find a stark contrast and contradiction in the first paragraph. "On the basis of our review, we are of the opinion that none of the ministers or parliamentary assistants has a conflict of interest." Then it says, "We determined a number of instances where there existed a failure to declare assets." If failure to declare the assets as determined under the guidelines is not a conflict of interest, then what the hell is a conflict of interest?

These guys have not analysed what a conflict of interest is. That conflicts directly with Mr. Aird's report. I do not believe Mr. Aird has an office on Bay Street. "Because my review of the disclosure documents filed by the present ministers revealed many incidents of noncompliance of the guidelines." Then he goes on and does a fairly in-depth analysis of some of the problems that resulted in that.

Mr. Wildman: They are splitting hairs. They are saying noncompliance of the guidelines is not necessarily a conflict of interest, which is a nice argument.

Mr. Philip: I can say only that if I had been the Premier I might have gone to Bay Street to Shibley, Righton and McCutcheon.

Mr. Bell: Thanks, Ed. I owe you one.

Mr. Philip: We can see the quality of some of the work of that law firm in the consensus report that was received some time ago and was tabled a few hours later. I have very little to add to this. I would love to know how much they paid for this and how much time was spent on it.

Mr. Chairman: All right, thank you. We have a motion by Mr. McLean to move in camera.

All those in favour?

All those opposed?

Motion agreed to.

Mr. Chairman: I would ask the spectators to vacate the room, please.

The committee continued in camera at 11:58 a.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

SAFETY ASSOCIATIONS

MONDAY, OCTOBER 6, 1986

Morning Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gregory, M. E. C. (Mississauga East PC)
Harris, M. D. (Nipissing PC)
Miller, G. I. (Haldimand-Norfolk L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Hennessy, M. (Fort William PC) for Mr. Pope
Martel, E. W. (Sudbury East NDP) for Mr. Wildman
McLean, A. K. (Simcoe East PC) for Mr. Gillies
Poirier, J. (Prescott-Russell L) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Industrial Accident Prevention Association of Ontario:

Donaldson, G. F., President; Manager, Loss Prevention and Security,
AEL Microtel Ltd.

Findlay, J. V., Executive Vice-President and General Manager
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Canada Ltd.

Johnston, R. C., Second Past President; Vice-President, Operations,
Dorr-Oliver Canada Ltd.

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, October 6, 1986

The committee met at 10:11 a.m. in room 230.

SAFETY ASSOCIATIONS
(continued)

INDUSTRIAL ACCIDENT PREVENTION ASSOCIATION OF ONTARIO

Mr. Chairman: The committee will come to order. Mr. Donaldson, welcome back to the committee. Perhaps you will identify your colleagues who are with you today for the purposes of the record and then proceed with your opening statement.

Mr. Donaldson: I will first introduce the representatives of the Industrial Accident Prevention Association of Ontario. On my left is Ronald C. Johnston, who is second past president of IAPA and vice-president of operations, Dorr-Oliver Canada Ltd. Ron has served IAPA for some eight years. I would like to make an announcement on Ron's behalf. He has had a death in the family and he may have to leave before the proceedings are finished, but he stay with us as long as he can.

At the end of the table on my right is George Harrap, who is honorary treasurer and director of distribution at Union Carbide Canada Ltd. George has had 10 years with IAPA. On my immediate right is James Findlay, executive vice-president and general manager of IAPA. Jim has served the association for more than 30 years in a variety of capacities. Finally, my name is G. Fred Donaldson. I am the current president of IAPA and manager of loss prevention and security at Microtel Ltd. It has been my pleasure to serve IAPA for several years.

Mr. Chairman, you have before you and the committee a panel that can boast considerable service to the association, but the clear winner in this contest is IAPA, which has distinguished itself in the arena of accident prevention for almost 70 years. I would like to remind the committee respectfully that we are here today to examine an organization that has played a critical and much-lauded role in the affairs of worker safety. While there is no question that recent administration has not been as efficient and economical as it might have been, you will have to forgive me if I continue to claim that IAPA has been very effective in carrying out its mandate.

As you are aware, my intention is to read a statement that we have spent considerable care in preparing. The intent of the statement is to identify the roles of IAPA in the field of accident prevention, to discuss briefly our reaction to the Provincial Auditor's report and, finally, to outline to you our course of action that we feel will best meet the needs of workers in this province.

The IAPA was founded in 1917. We celebrate our 70th anniversary next year. Under the IAPA umbrella, there exists a federation of 10 safety associations: woodworkers; ceramic and stone; metal trades; chemical industries; grain, feed and fertilizer; food products; leather, rubber and

tanners; textile and allied industries; printing trades; and retail. In short, it is the very lifeblood of industry in Ontario. We cover the length and breadth of this vast province, providing safety education in both of Canada's official languages.

Our mandate is very clearly stated on page 7 of the Provincial Auditor's report: to co-ordinate the activities of the said association so that work may be done with the greatest efficiency at a minimum cost; to co-ordinate with employers and employees in safety work and any general safety campaign to reduce accidents and industrial disease for the benefit of both employer and employees; to make rules for the prevention of accidents and industrial disease for the guidance of employers in the said associations; and generally to do such things as may reduce losses due to accidents, including matters authorized at any special or general meeting of this association.

The auditor goes on to state, quite correctly, that the Workers' Compensation Board provides the funds for the health and safety education programs and services offered by the IAPA and the other safety associations.

While we are talking about the IAPA as an association which is administering public funds and is accountable for these funds, it is inappropriate to suggest that every activity the IAPA organizes or sponsors should of itself show a profit. I remind you that our mandate is education and training.

We have an association which is totally dedicated to a safer work environment; an association which is looked to by some 65,000 member firms, employing some 1.4 million Canadians; an association which relies--and I cannot emphasize this strongly enough--very heavily on volunteers. I am not talking about just a few volunteers; I am talking about a group of more than 2,000 strong who, if paid, would cost the province an estimated \$15 million.

We administer this association with some very prominent volunteers who serve as officers in a variety of capacities: on the board of directors, on the advisory board, on the administrative committee and in a variety of other positions. The volunteers--and I include myself--are the backbone of this association. I am not attempting in any way to minimize the role of the IAPA's 200 staff, but without our large and dedicated volunteer network, the future of the IAPA would be in some doubt.

With your permission, I would like to make a few comments about the Provincial Auditor's report. I will not pretend that it has not been a painful exercise for us, but the process has been invaluable. I believe the perspective of the auditor, if taken in a constructive way, can only help to strengthen our role as defined earlier.

The auditor has been more than fair to us in pointing out our administrative deficiencies. We accept his admonition and, more important, I believe, we are fully prepared to accept his guidance. We have tabled a copy of a detailed directive that will enable us to put quickly in place controls on our administrative management procedures.

This is not the end of our effort in this regard. For instance, the auditor pointed out that the IAPA has not been required to adhere to the Manual of Administration, but I can assure you that our intention is to respect the spirit in which the manual was written.

Clearly, we have failed to reach a balance in our priorities. There is nothing more important to us than a safe and healthy work place. However, at the risk of sounding patronizing, the committee has helped us to balance our priorities and it has given us the tools with which to put our house in order.

10:20

I feel our intention to do what is best for the association is clearly demonstrated on page 5 of the Provincial Auditor's report, where he lists actions and incentives that were taken voluntarily. This clearly demonstrates our willingness--no, make that our eagerness--to deal with our administrative problems, put them behind us and then get on with the business at hand.

As promised, I will spend the remainder of my time elaborating on the issue that I said earlier best meets the needs of workers in the province.

I would like to spend a moment on staff development, which if misunderstood, can be seen as a questionable use of the Industrial Accident Prevention Association resources.

An organization is only as good as its people and their ability to carry out the mandate of the organization. The IAPA is no different. In order to meet the needs of our member organizations, our staff must be well trained in safety and health. As I am sure you can appreciate, this requires a monetary investment up front. Therefore, we do allocate and put money into the training of our staff.

You may wish to challenge the strategies we have laid out for our training, but we believe, given the nature of our work, that we have chosen the most cost-effective methods. Industrial processes can be likened to a moving target, and as new techniques are developed, so too must new safety measures accompany this development.

Travel has become a rather contentious issue. I believe this committee is looking for a rationale to govern travel, one that puts parameters around it. I would like to go on record today as stating that our staff do indeed benefit from travel to other cities when they are attending conferences that pertain directly to the mandate of the IAPA. There are few definitive works pertaining to health and safety in a quickly evolving work place, and I am personally convinced that there is real benefit derived through meetings and discussions with peers. One of the few places to find an assembly of peers is at a safety conference.

The matter of public relations has come under some strong scrutiny by members of the committee. I must remind the committee that our public relations strategy is one that has evolved and developed over time and is one that we feel best suits the needs of our organization. Again, may I remind the committee that this is a strategic decision on our part that, although open to second-guessing, we feel has served us well. Our association relies on goodwill. It is extremely difficult to put a price tag on goodwill or to determine how best to acquire it.

In the same vein, we allocate funds to what the auditor has called entertainment. Again, this is a conscious strategy of the association to promote goodwill, be that a luncheon with a member of the media or a meeting with senior executives from one of our member companies. We are cognizant of the need to keep an accurate account of this activity and we assure you this will be done.

Attention has been drawn to our annual IAPA conference. We believe this conference provides us with an invaluable opportunity to spread our message to more than 8,000 registrants. Again, it is valuable to keep in mind that we are in the business of winning people over to our point of view. We have no legislated power that allows us to tell our member companies what they must or must not do.

I believe it is fair to add at this point that our annual conference has a worldwide reputation. It mainly attracts delegates from Ontario, but here again, the demographics tell a story. You will find all levels of individuals sitting side by side, union and nonunion employees, management from the member organizations and members of the health and safety committee.

Mr. Martel: Do you expect us to believe that, Mr. Donaldson? Of all the labour participation--

Mr. Chairman: Order, please.

Mr. Martel: I am just tired of having it shoved at us.

Mr. Chairman: I do not care what you are tired of. We are allowing this gentleman to make his statement.

Mr. Martel: Yes, I know. It is crap.

Mr. Chairman: Mr. Donaldson, please proceed.

Mr. Donaldson: Mr. Chairman, it is also germane to the committee's discussions to understand what the IAPA does to aid other associations and firms. In the first place, the IAPA is far from a parochial organization. Our aim is clearly to aid, wherever and whenever possible, associations and firms with mandates resembling ours. We have been involved in and can demonstrate our assistance to other like groups through such media as co-operative ads, the sharing of literature and through economies of scale and training.

In their report, the auditors raised the point that IAPA sends funds to other health and safety contractors for the provision of materials and consultancy services. We would point out that the expenditure of \$82,000 for goods and services is justified by the cost saving of more than \$400,000 to IAPA and other safety associations and to our member firms in a calendar year, by avoiding the payment of their fees directed to this contractor. This contractor has a monopoly position for the rest of North America, and IAPA is unique in maintaining a very valuable resource to our members and to sister safety associations.

Before I turn the meeting over for questions, I want to assure you of a couple of things. First, we acknowledge that we have been deficient in documentation of some expenditures. This is not indicative of generally poor management control. Please recognize that we have taken some action and we intend to apply additional measures to complete this process.

Second, we are committed to safety and health in the work place. We take our responsibilities very seriously and it is our opinion that the IAPA is the most credible organization in existence today to carry out these responsibilities. Thank you for allowing me to make this presentation.

Mr. Chairman: Thank you, Mr. Donaldson. Before we get into questions, I want to indicate to members of the committee and to the witnesses that in July I received a letter, which was circulated to all members of the committee in August and which has been received as an exhibit by the committee from Mrs. R. G. D. Anderson, the widow of a former general manager of IAPA. She expressed some concern with the press reports on the June meetings of the committee referring to the association covering the expenses of wives.

Mrs. Anderson wanted it made clear to the committee that in the tenures of the previous general managers, Mr. Morley and her late husband, Mr. Anderson, wives' expenses were not paid for by the IAPA. She indicated a case in point where her husband had travelled to a congress in Paris and she had accompanied him. All her expenses were paid by her husband. She wanted members of the committee to be clear on that point.

Mr. Epp: Mr. Chairman, would it be appropriate to have that letter read into the record?

Mr. Philip: We can attach it as an exhibit to our report.

Mr. Chairman: It can be attached as an exhibit. All members have received it.

Mr. Epp: I have seen it.

Mr. Chairman: I will leave it up to the committee. Do you wish to have it read into the record?

Mr. Epp: I would appreciate it.

Mr. Philip: Add it as an addendum to our report. It will go into Hansard in that way.

Mr. Epp: I would move we have it read into the record.

Mr. Chairman: Rather than having a motion, I will read it. It is a rather short letter addressed to me. It says:

"Three weeks ago I telephoned...regarding an item published in the Toronto Star, June 20, 1986, in connection with a statement made at a hearing held by your committee in connection with the Industrial Accident Prevention Association of Ontario with reference to the \$34-million budget of last year.

"I wish to put the record straight in this matter. The payment of wives' expenses when accompanying their husbands on association's business was not condoned by either of the first two general managers of the accident prevention association--Mr. Reuben Morley and Mr. R. G. D. Anderson, my late husband. It was as cardinal rule of the association from its inception in 1915 until my husband retired in 1969 that if an employee wished to have a companion on a business trip, the expenses would be the responsibility of that employee.

"If formal protocol required the presence of the spouse at governmental, continental or intercontinental meetings, a possible exception was made. The board of directors of the association was required to vote consent.

"A case in point: The board of directors of the IAPA wished R. G. D. Anderson, general manager, to attend the Congrès mondial de Prévention in Paris in 1961. All expenses were to be paid from Toronto to Paris and return by the IAPA. Mr. Anderson...stated that as he wished to see his sister in London, England, he would pay his expenses to London and return. The expenses from London to Paris and return would be borne by the IAPA. I accompanied my husband and all my expenses were paid by R. G. D. Anderson."

10:30

Mr. Philip: Notwithstanding your repentance at the moment, would you not say that the auditor's report is a damning indictment of your inefficiency, your squandering and of your misuse of the funds you were responsible for? Would you not admit this is what this report does?

Mr. Findlay: I would not. I would say it is the report of a normal business operation.

Mr. Philip: Have you read the report?

Mr. Findlay: I have.

Mr. Philip: I assume you can read English. How can you read this report without saying it damns your administration? That is the only conclusion you can come to if you read English.

Mr. Harrap: Mr. Philip, let me point out right at the start of this discussion that the people you are talking to today are responsible members of industry. We are trying very hard to do the right job. We have taken the safety responsibilities very seriously. We are quite happy to answer any and all questions you have, but I do not think we have squandered--I do not like that word, sir; I am sorry. I do not think we have demonstrated incompetence. I do not think you have said that, but the implication is fairly plain. That was the line you were going to follow.

The association has an excellent record. It is a record to be proud of. The public auditor did not find deep-seated problems. That is my position. We have done some things poorly; I grant you that. But he did not find deep-seated problems; he did not find examples of cases where things had been paid for that actually had not happened. All those things that were paid for actually happened. I do not think that meets the definition you were suggesting.

Mr. Philip: With respect, the auditor's report is fairly clear on page 2. It says "there were deficiencies in the association's practices with respect to: travelling and hospitality expenses; purchasing procedures; controls over movable assets; and inventory literature."

It goes on to document later on that there were irregularities in the way you conducted your travel; that the most economical method of travel was not undertaken. The most damning comment of all was that while you say you have such great programs, there was no evidence of an ongoing evaluation of whether the methods used to deliver the occupational health and safety message were the most effective in achieving them.

If you are such great business leaders, why do you not have clear objectives in place and methods of evaluating them? That, surely, is a damning indictment of your administration.

Mr. Harrap: No, sir. We had clear objectives in place. They can be found starting in the description of the role of the IAPA, which is on page 7. The objectives of the association are there; I am sure you have read them. We are attempting to do all those things and to do them very well.

Mr. Philip: But the auditor says on page 50 that there are no effective processes for the ongoing evaluation of whether the methods used to deliver the occupational health and safety message were effective in achieving the objectives. How can you as the manager justify a program when you do not have an adequate evaluation system to find out whether you are getting value for money?

Mr. Johnston: May I speak to that? Going back to the type of measurement, we recognized, as managers in this organization, that there have been things that could be measured better. Over the years we measure by frequency reports and by the five-star systems that are put into various organizations. My own company in particular has that. It is a measurement device.

We also recognize that there have been some deficiencies. No organization should run without having specific goals. Measuring of safety is very difficult, in terms of whether you get the results. It is something like advertising; you do not know what it is. We have systems going on right now in conjunction with the authority to set up procedures whereby we will be able to measure much better than we have in the past.

Mr. Philip: Come on. Do not kid me with this management doubletalk.

Mr. Johnston: I am not attempting to kid you. I am serious about what I say.

Mr. Philip: I came from a management background. I trained managers 15 years ago before I was elected. I know there are methods of evaluating, and the auditor clearly says you do not have those evaluation tools in place.

Mr. Johnston: We have certain evaluation tools in place right now. I mentioned some of them: the five-star system, the frequencies and so forth.

Mr. Martel: How did de Havilland get a five-star rating? De Havilland!

Mr. Johnston: I do not work at de Havilland.

Mr. Martel: I am asking you because it is a member of the IAPA. They have just devastated everything; the workers out there are going mad.

Mr. Chairman: Mr. Philip still has the floor.

Mr. Johnston: Mr. Philip, the point I am making, and then I will drop it, is that we have had methods of measurement. If you have worked in management systems before, as you say you have, you will know that people try to upgrade in all cases. We are trying to upgrade and we are working with the authority now in attempts to upgrade the method of measuring our results. Thank you. That is all I have on that.

Mr. Harrap: To add to that point, the affairs of safety are conducted on the shop floor; they are not conducted in the boardroom. The affairs of safety are conducted in the plant, so you have to have techniques that measure safety in this locale.

One thing we have, which we do very well, is the international safety rating system. This is a copyright system of some 200 questions which are answered by independent evaluators. They go into a plant or a work location and measure all the specific items to determine how good the safety program is, how good the results are in that plant.

We can show beyond any reasonable doubt that, as a result of the help, advice and support we have provided to member firms, they have been able to upgrade their performance over a period of a year or years by using the expert techniques our people are able to pass on to the people in the plants, on the shop floor, who are actually responsible for safety. These techniques are not exactly scientific but they certainly measure the kind of environment the plant has and the kind of improvements that can be made. That is a management technique, sir.

Mr. Chairman: Supplementary?

Mr. Martel: No.

Mr. Philip: I will let him ask a few questions.

Mr. Martel: I want to start from your last visit, because I do not believe what you are telling me, quite frankly.

Mr. Hennessy: If you were to say that in the House, you would be asked to retract it.

Mr. Martel: I said I do not believe him.

Mr. Hennessy: That is not being fair.

Mr. Martel: I am going to prove it to you in a few minutes.

Mr. Hennessy: I know, but it is not being fair.

Mr. Chairman: I want to make a comment here. I do not know whether the other members of the committee will support me on this, but I also want to express some concern at the outset. I have some problems with browbeating witnesses. I do not think anyone who appears before this committee objects to aggressive, tough questioning; that is to be expected. I do ask all members to exercise some restraint in how they deal with the witnesses who are, I remind you, appearing before us on a voluntary basis.

Mr. Philip: On that item, some of my constituents who have lost fingers and eyes and so forth may not feel I am browbeating these people who have travelled first class and who bring their wives along on expenses.

Mr. Epp: In fairness, these people are not responsible for people losing their fingers and so forth. Mr. Philip is taking a grand leap of faith there or something. I am not sure what it is, but I agree with you, Mr. Chairman, that we are not opposed to direct and tough questioning but we are opposed to browbeating.

10:40

Mr. Martel: Fine. Let me begin with the last time Mr. Findlay was here. He indicated they had a great involvement, great participation with organized labour. I have the Hansard before me, page 34. The second point on

page 7 of the auditor's report reads, "To co-operate with employers and employees in safety work and any general safety campaign to reduce accidents." Your involvement with the trade union movement is virtually zero. I spent some time calling nearly all the leaders in the trade union movement, including Leo Gerard from the steelworkers. You admit you have no working relationship with the auto workers. I checked with Sean O'Flynn. I checked with a whole series of people.

Your involvement with the trade union movement is virtually zero. You can cite the odd little case, but the Ontario Federation of Labour and organized labour have had very little participation, except maybe organizing an event at your annual conference.

Beyond that, the involvement with the trade union movement is almost zero, Mr. Findlay, and that is according to all the leaders I have spoken to. Now you tell me how the leaders of the trade union movement can tell me one thing and you come to this committee and you lay before us that you have great involvement with the trade union movement. That does not happen. Now you tell me it does.

Mr. Findlay: Let me give you facts.

Mr. Johnston: Mr. Chairman, may I be allowed to speak on that?

Mr. Chairman: Yes, sure.

Mr. Johnston: I think I can partially answer it, and having read previous accounts of the meetings with construction and so forth, I understand where you are coming from in this area.

I have been involved with the Industrial Accident Prevention Association for some few years, as mentioned. In my original connection with IAPA, one of the areas in which I worked was the IAPA/OFL liaison committee, as they called it. That was a very frustrating committee to work with because of lack of participation, etc.; not their fault, not labour's fault, not management's fault; just a case of it being very difficult to put it together at times.

Our intention was to get organized labour and labour involved in some of our programs. We have done a lot on getting co-chaired programs with IAPA and with OFL and with various areas from labour. You mentioned the auto workers. There was a member of the auto workers on the committee when I was there.

I cannot say we have broken through all the barriers or that labour and management are sitting in full agreement. But do not say we have not tried, because we have tried. As best we can, we have tried.

Mr. Martel: Mr. Findlay leaves the impression that there is an ongoing working relationship with the trade union movement and I am saying that is not there. You cannot spout off about your good programs of occupational health and safety without involving labour. Now you tell me how many people are on your board of directors from labour.

Mr. Johnston: I think we have that figure.

Mr. Findlay: Labour in executive positions with IAPA: we have 2 directors; in the divisions and sections we have 22, of whom five are women.

Mr. Martel: How many members on your board of directors?

Mr. Findlay: Two.

Mr. Martel: No, the board of directors.

Mr. Findlay: I just told you.

Mr. Martel: The total makeup of the board.

Mr. Findlay: I just told you, on our general board of directors there are two.

Mr. Martel: There are 240 members, I believe.

Mr. Findlay: There are 243 directors of IAPA.

Mr. Martel: How many from labour on that board? Two?

Mr. Findlay: Two.

Mr. Martel: Two. Tell me about the involvement of labour. Two out of 240. If you want me to believe you, you had better get credible. Two out of 240? And there is a great involvement, involving the people in the workplace? Come on. I might be stupid, but not quite that bad.

Mr. Johnston: Please, Mr. Martel, do not use words I did not use. You said "great involvement." I did not say "great involvement." I said we had tried to involve labour in our programs, and we have done that.

Mr. Martel: Let me quote Mr. Findlay. "It is very complicated and difficult. Let me try to give you some idea. Over the years we have had an excellent relationship through the IAPA/OFL liaison committee."

The people on the liaison committee tell me that is not correct. They have not had a good working relationship. In fact, the working relationship has been almost nonexistent.

'We have conducted joint programs. I look at people like Henry Wisebach"--Henry Wisebach died years ago--"and Lorne Heard who were very active."

I talked to the steelworkers on Friday and today. Do not tell me about how much involvement--what is being left here is the impression that labour is really involved in health and safety.

I have been making the argument for 19 years that labour has never been involved in health and safety, has never been given a role in health and safety, and when I read stuff like this--I can drop names too. The next name I will hear: "Well, I talked to Sean O'Flynn this morning, and Mr. Findlay mentioned his conversation with Mr. O'Flynn." He has had a passing acquaintance of about two minutes with Sean O'Flynn, according to Sean. Do not leave the impression with this group that there has been "some way that we are working with organized labour to reduce accidents," because it is not true. I did a tour and I had 250 presentations. Every group I talked to hates the IAPA because they are not involved.

Mr. Johnston: Every group you talked with hated the IAPA?

Mr. Martel: I met with 250 delegates who came during a tour I had of

the province on occupational health and there was not one who had a good word for the IAPA.

Mr. Findlay: Of 1.5 million employees we represent?

Mr. Martel: I do not care how many you represent. I am telling you that of the 250 who made presentations to my task force, not one had any use for it.

Mr. Findlay: You had 250 out of the 1.5 million.

Mr. Martel: You managed to get to 19,000 with \$15 million last year.

Mr. Harrap: Mr. Chairman, may I speak?

Mr. Chairman: Please do.

Mr. Harrap: Mr. Martel, there are many forms of participation. We believe a large number of the labour population in this province comes to our conference. We encourage them to come. That is a forum where they get training. It is a forum where they come in groups in their safety committees. I said a while ago that participation on the shop floor is the only way to have safety. IAPA supports the formation of safety committees, which, as you know, is required by the act. The safety committees come as groups to IAPA activities.

There is more than one way to involve labour. I will suggest something else to you: Any committee is a marriage of the people who come and they have to come willingly. We have had no difficulty in attracting both organized and unorganized labour to the events, conferences, seminars and training that we put on in this province. A great number of those people come.

Mr. Martel: I want you to give me the numbers. How many out of the 8,000 delegates to your conference last year were labour?

Mr. Harrap: I do not carry that number around in my head, sir.

Mr. Martel: You make these statements. You reached 19,000 people through seminars last year. How many were from organized labour?

Mr. Harrap: How many were from unorganized labour?

Mr. Martel: I am asking you, how many were from organized labour?

Mr. Harrap: I do not have any idea. I do not carry those statistics in my head.

Mr. Martel: You make these grandiose statements about all kinds of people from labour being there. I am telling you that is not the case. I am telling you that labour has never been involved--

Mr. Harrap: We will get that information for you.

Mr. Martel: I hope you do.

Mr. Johnston: Mr. Martel, one point you made was, how many from labour were at our conference? I do not have the figure in front of me but I recall reading the statistics on that and there is a high involvement of

people from the shop floor and labour at our conference. I could be mistaken because I am going from memory, but I think we are talking about 35 or 40 per cent or something like that. There is heavy involvement of people from the shop floor.

Mr. Martel: Labour was involved in developing one program out of the whole conference. It was to show management the type of educational process they provide for workers in the field. Is that not right?

Mr. Findlay: That is not correct.

Mr. Martel: What else did they get involved in?

Mr. Findlay: They got involved in some of the other programs.

Mr. Martel: How many?

Mr. Findlay: I cannot tell you at the moment. Hourly rated workers and lead hands at the 1986 conference were 22 per cent.

Mr. Martel: Okay. Organized labour makes up what part of the province?

Mr. Findlay: Organized labour--

Mr. Martel: Any labour; what percentage of the workers?

Mr. Findlay: Give me an opportunity to answer.

Mr. Martel: Go ahead.

Mr. Findlay: Organized labour in IAPA membership firms is 30 per cent of the work force that we have. Let me come back--

Mr. Martel: Twenty-two per cent.

Mr. Findlay: --to the IAPA-OFL liaison committee that has been meeting three or four times a year since 1968. This is in your document, but let me read it to you. We tried in 1984 and 1985 to get four programs off the ground.

First, in 1984, "How to prepare safe job procedures: Developed jointly. We are still waiting for OFL approval." They sat down together on this. "Internal responsibility system: The IAPA-OFL pilot conference in January 1984 resulted in a joint task force and in a report submitted in April 1984. IAPA officers approved in the spring of 1984 and it is awaiting OFL board approval." June 1985: "Task force on a common approach to designated substance assessment training. The terms of reference jointly developed approved by IAPA, awaiting OFL board approval." November 1985: "International event on consultative mechanisms. A discussion that took place within the committee created the event. Eventually, not a jointly presented seminar. People from OFL attended and it was conducted jointly with the Department of Labour. OFL participated but did not want to be recognized as one of the participants."

10:50

Mr. Martel: Listen to what you said to me the last time you were here: "On the other hand, we have an excellent activity with the United Steelworkers." Do you know who Leo Gérard is?

Mr. Findlay: Yes, I do know.

Mr. Martel: Leo has never had a call from IAPA all the time he has been a director. He believes there is absolutely no involvement between his union and the IAPA.

Mr. Findlay: Yes, there is.

Mr. Martel: Do not tell me about superficial junk.

Mr. Findlay: I am not talking superficial junk.

Mr. Martel: You might have had one little meeting somewhere.

Mr. Findlay: I am talking about the participation of United Steelworkers Local 4151 at Algoma, to mention one, in developing this conjointly with management in this abrasive industry. There are others.

Mr. Martel: How many steelworker locals are there in the province?

Mr. Findlay: I have no idea.

Mr. Martel: You have no idea. You tell me that you have involvement with one and then you say here that you have excellent involvement with the United Steelworkers. I talked to Leo Gérard, who is head of the steelworkers' union, and he says that is not true.

Mr. Findlay: In the past year, I have dealt with David Patterson.

Mr. Martel: I even know Davie better than I do Leo Gérard. It is funny that he had nothing very good to say either. You cannot come here and tell me about the trade union movement. I know all these guys, every last one of them.

When you come here and try to tell me you have an excellent working relationship with them and they all tell me that is baloney and that organized labour or any labour in fact has no involvement in the work place, there is something wrong. Either you are trying to con me--pardon me, Mr. Chairman--or those people from the trade union movement are not telling me the truth. I happen to believe those guys in the trade union movement.

Your involvement with labour is virtually zilch. That is why accidents went up by 24 per cent in 1985 and by 24 per cent the year before. Every time labour tries to get involved, it gets its head kicked in on plant floors, through firings or you name it. The internal responsibility system does not work worth a damn.

The whole thing is a mess. That is why there is an inquiry into the Ministry of Labour now. You come here--and I have been involved in this business for a long time--and you try to let on that there is some role for labour, and I tell you that is not true. I cannot say it any more categorically, because I know everybody in the trade union movement.

For you people to come here with a prepared statement and lay this trip on me, I am sorry for being angry, but you cannot con me.

Mr. Johnston: If I might--and anything we say can tend to be repetitious, but I will come back--in making these types of statements, you are speaking as an authority from the labour movement. Granted, I think you have a good background and you are probably aware of what goes on. I can speak

from a little bit of authority in plant management and so forth. In our plant, I object vehemently to you saying things that you do in a general way, because it does not operate that way in our plant. For example, we do have the joint committees. Recommendations come to us from those committees, and we do take action on what the committees do.

We have had the labour board people come into our place, and they hit at management just as hard as they hit at the people on the floor. I think there are great attempts being made, and IAPA support further attempts to involve labour. As a general statement, I object a little bit to your painting everybody with that same brush.

Mr. Martel: I do not want to paint them all, but I know what is going on in many of the sweat shops in this province. Some of the bigger companies have a little more intelligence and in fact are working. I have talked about Inco, which has reduced its accidents from 13.8 per cent to 2.8 per cent in 10 years. That is a company which you have to say is working on it.

When I get the generalized type of statements that there is great involvement, I am sorry but I cannot believe it, because my friends, who are the heads of all their unions, tell me there is no involvement to speak of with the IAPA. For the IAPA to come here and make that statement is rubbish. You had better admit that before we can start the process.

If you think you are going to convince organized labour that it will have some involvement to this point--I know the compensation board has been pushing you like mad over the past 12 to 16 months to clean up your act, but do not come here and tell us that it is good. It is not. That is why we had a 24 per cent increase last year and the year before.

Accidents can be avoided, but when workers are threatened and management lays--take a look at your own guidelines: "To make rules for the prevention of accidents and industrial disease." Tell me what rules you have developed with organized labour or labour at all to reduce industrial diseases and accidents. Give me the programs and tell me the unions involved in bringing that about.

You people have the money; you got the \$15 million. For the first time, the Ontario Federation of Labour got \$1.7 million. The Construction Safety Association of Ontario got \$8.8 million. You guys have the money to throw around; organized labour has peanuts. According to this report, you educated 19,000 people last year. With \$1.7 million, the OFL will get to 5,000 this year. With your \$15 million, you got to 19,000 in seminars. Do not come here and try to kid us.

Mr. Harrap: Mr. Chairman--

Mr. Martel: What about when the Canadian Union of Public Employees tried to organize your place? What happened twice? You tell me about this good involvement. CUPE tried to organize your establishment twice, and what happened?

Mr. Chairman: Mr. Harrap, do you want to respond?

Mr. Harrap: Yes. I would like to, please. I have tried four times to break into this marvellous flood of rhetoric and--

Mr. Martel: It is not rhetoric, for your information. I will show you the files if you want to come to my office.

Mr. Harrap: Thank you.

I want to point out that there is a great deal of difference between organized labour and labour. We made the statement several times that safety takes place on the shop floor and that not all plants are organized. Since I have worked in plants, I believe I know the difference between labour with a small "L" and labour with a large "L." I suggest there is a great deal of confusion and fog on this issue, and I am not prepared to discuss the difference for Mr. Martel's benefit.

I would like to point out, however, that there is a great deal of involvement on the shop floor, as Mr. Johnston has pointed out, in all the programs of the Industrial Accident Prevention Association and all those member firms that take part in the use of our programs. You cannot castigate something because some members of an organized union do not happen to wish to partake or do not respond to overtures that are made.

What is being said here is that there is an opportunity for all the workers in the province, whether or not they are organized and whether or not they are management. I am clearly a part of management--I do not think anybody would argue that--but I consider myself a worker. I am governed by the Occupational Health and Safety Act. I understand the act and I use it. When we talk about labour with a large "L," we are confusing the issue.

Mr. Martel: With the greatest respect, I thought you would never get around to that. I talk about organized labour because it has the biggest clout; the unorganized have none at all.

The Royal Commission on Matters of Health and Safety Arising from the Use of Asbestos in Ontario through the Ministry of Labour asked a professor from Carleton University to interview all the inspectors from the Ministry of Labour to determine what involvement the unorganized had in trying to protect themselves. The report indicates that if you are in unorganized labour, your chances of occupational health and safety are zero. I will try to quote him. He said, "Legislation notwithstanding, an obstreperous worker can be fired for any reason."

The good professor interviewed all the inspectors from the Ministry of Labour to ask whether there were any health and safety programs in the unorganized plants. They have no strength at all. It is much worse in an unorganized plant than it is in an organized plant. If you want to argue that one, my friend--and you can call it rhetoric or anything you want--I defy you to try to argue that one, because the investigation that has been done indicates unorganized workers are more vulnerable than the organized, who have some clout. They have no appeals against firings or dismissals. Unless they go to the Ontario Labour Relations Board, they cannot file a grievance. In fact, when they go to the Ontario Labour Relations Board, they need a lawyer, which they cannot afford, or they go with somebody who might try to help them.

Do not tell me the unorganized are better off. I understand the system pretty well, my friend; so do not tell me I am mixed up. The last thing I am about this is mixed up. You tell me what strength and involvement unorganized labour has in the plants and shops in Ontario.

11:00

Mr. Donaldson: I would like to make a comment, and I cannot speak generally. I am sorry, I do not have the knowledge of it that you do, Mr.

Martel; however, I would like to make a comment based on my narrow experience in my own company, and I realize all companies are not the same.

A few years ago, when I took over as the manager in health and safety, which I am now, one thing really impressed me, because, gentlemen, whether you believe it or not, my opening statement when I appeared here first is true: I am in the business because I am interested in people and their health and safety. One of the things that really helped me to get going in this field was that the chief executive officer of our company--and I realize we are an organized company, but I believe this was something that was above and beyond that--phoned me and said:

"Fred, I am pleased you have taken over the job of safety manager," and what have you. "I have just one thing to say to you. Make sure no one gets hurt. We can replace machinery. We can replace holes in the floor. We can put on new roofs and all that. Just make sure no one gets hurt in this organization."

I think there is a changing atmosphere out there, fortunately, at least within the companies I deal with. In my own area, we have a labour person who is chairman of our St. Lawrence section. We sit down and we work very well with labour. That is very encouraging to me, because I come from a working-class family, and I still consider myself a worker.

There is this new approach, enlightened management. I know there are those who still have to catch the bandwagon, but it is encouraging to me to see that happening today. I think there is a reaching out happening. The approach that IAPA takes, and certainly it will be that way during my tenure, is to continue to reach out.

I do not want you to take this wrong, sir; I give you full credit for being right up on the labour movement and everything. I am not trying to be smart here. My heart is in this. I look to you. I have five months left in my presidency, and if you can help us in IAPA, I will be more than pleased to welcome you or anyone else here to sit with me or come into our organization. Please do not misunderstand me, gentlemen. I am not trying to be smart. If you will, let us do something about it, Mr. Martel. Please help me.

Mr. Martel: Mr. Donaldson, I think we can make progress, but what is irritating me is that I see what you have as a mandate and I hear the statements about how involved labour is. I know that is not factual, and I am supposed to work with that background. You are not going to get organized labour to work with you until you are prepared to share equally, and that has not happened. It is not happening anywhere, and it does not matter whether it is organized labour.

I give credit to those companies--the one company that came before my task force was Inco, and its representatives said that unless the president of the company wants health and safety, unless it is pushed right from the top, it does not work. You people have missed the boat, because you have had the money to reach the top and have not.

There is this constant baloney about the involvement. Do you think you can con workers into believing they are involved when they know they are not? Until we admit that, there is no progress. You cannot hand safety to workers as though they are little kids. You have to involve them. I can give you my files if you would like them, all 250 cases, to show you plant after plant, company after company, that puts every obstacle in the way of workers protecting themselves.

That is what frustrates me. I hear all this stuff and I see the money being spent, and yet there is no real involvement of labour. CUPE has tried to organize your operation twice and it has been harrassed all to hell, according to the people I know. We get these great statements about what you are doing and nobody believes you, not from labour anyway. Until that is cleared up, we will not make any headway.

Mr. Donaldson: If I may, the point is that I would like to think we would say to ourselves in the Industrial Accident Prevention Association, "Congratulations for having even two directors on." I am sure you can agree with me that all things of value evolve. Surely at this juncture, in 1986, we are coming into a new era. The process is there within IAPA. We have two people here, and we have the process to allow more. This can evolve.

I am not too sure labour wants to be equally involved. That is one of the things about which we have to sit down, with some help from a gentleman like yourself who would have those contacts, to get down to the nitty-gritty and talk that out. What sort of percentage of involvement are we talking about? Is it true that labour has a place in the education of health and safety from the point of view of how many folks they want on our board, or how many folks would they want from our group working with them? That is where I believe we can meet and do something like that, Mr. Martel, because we seem to have been kicking it around in the province for a long time.

I would like to leave a mark before I leave as president of IAPA, working with you or whomever, to see whether we can solve that part of the puzzle. Until we do, I do not believe we can go on and talk about participation or percentages until we talk it out with labour, management and government.

Mr. Harrap: I agree with the point Mr. Martel made when he said the success of safety programs must start at the top. I agree with that completely. It takes the dedication of senior management, the chief executive officer, and it takes the dedication of the senior labour people, whoever they are, to make a joint program work.

I must tell you that the company I work for has an enviable safety record in this province and across all of Canada. At the time of the Burkett report on safety in mines, I was interviewed by Mr. Burkett and his staff to determine how we were able to have such a successful program. It is on record in that report that we were able to get the workers, both from the blue-collar side and the supervision side, to work together. I believe it is possible, and what Mr. Donaldson has suggested is an ongoing forum and a better method for bringing all the parties who are interested together.

We have talked a lot about labour. We have said a little bit about management. Surely the third piece of the trefoil is government; we cannot leave them out either. In this sense, there is an opportunity, but I believe we can say without question of being challenged that we have already enjoyed some successes in this area. I would like to build on the successes we already have.

Mr. Martel: I will pass, Mr. Chairman. I just want to clarify a point for the time being. I am not saying it should rest with upper management. I am saying that Inco says Bill 70 will not work unless upper management is involved. I am saying I cannot wait to protect workers' lives or their safety for some upper management to become enlightened. If they do not want to do it--and they have had nine years to get health and safety committees--I cannot wait any longer for management to become enlightened.

I just want to clarify that. I am not prepared to wait for all of upper management to become enlightened, because too many people lose their lives and their health while waiting for that to happen.

11:10

Mr. Epp: You made the statement this morning, Mr. Donaldson, and I am wondering who prepared that statement.

Mr. Donaldson: That statement was prepared by a whole group of us. There is no one individual. We all had input into it. I had a lot of input into it.

Mr. Epp: All of you committed yourselves to the generality of the statement.

Mr. Donaldson: Yes, sir.

Mr. Epp: In your last paragraph you say: "We are committed to safety and health in the work place. We take our responsibilities very seriously and it is our opinion that the IAPA is the most credible organization in existence today to carry out these responsibilities."

What other organizations do you have in mind when you compare the IAPA and you say it is the most credible?

Mr. Findlay: We compare it to like organizations.

Mr. Epp: Which organizations?

Mr. Findlay: Let me name a few: the National Safety Council Congress in the United States, which does things in its way, and the American Society of Safety Engineers. We have had ongoing activity and visits from similar organizations in Australia and New Zealand, which continually come to IAPA for information. Those are just a few like organizations that deal with IAPA. It does have, going back many years, one of the best reputations in the world in manufacturing and retail safety.

Mr. Epp: You have a budget of about \$14 million.

Mr. Findlay: That is correct.

Mr. Epp: How much money do these other organizations have? Obviously, you have sat down and compared these, and when you make a statement of that nature, you have some basis for it.

Mr. Findlay: We compare activities with respect to health and safety. I have no idea what their budgets are.

Mr. Epp: When you say they come to see what you are doing, you have done a lot of travelling to see what they are doing. Is that your criterion: when they come to see you as opposed to when you go to see them? I was looking at this who's who in industrial safety, and I noticed all this travelling in appendix A.

Mr. Findlay: Appendix B.

Mr. Epp: Appendix B. Orlando, New Orleans, San Francisco, Johannesburg, Stockholm.

Mr. Findlay: Those trips overseas were approved by the directors of this association on invitations or requests to IAPA.

Mr. Epp: But on what basis do you state that this is the most credible organization of its kind in the world? I guess you did not say "in the world." I thought first you were comparing it in Ontario. Now you have compared it with America and New Zealand.

Mr. Harrap: I can make a personal comment on that, sir. We have a number of people from several of the states in the United States--for example, Ohio, Pennsylvania and so on--who come to our annual conference. Naturally, having been at the conference, I have had the opportunity to talk to a number of them. It is very clear in their minds that the programs we have are superior in some ways to the programs they have, and they have made those statements: "Hey, we wish we could do this back home the way you do it here." That is a direct quote.

Mr. Epp: What I am trying to find out is whether we are getting value for our money. Is it the best organization because you have \$14 million to make it the best organization, or is it the best organization because the people are committed to making it the best organization? In your terms, it is the best organization. Why is it the best organization? What do you use as your criteria to measure it?

Mr. Harrap: One comment I can make to that right away is that the success of IAPA rests on the involvement of a number of people. The volunteer movement in IAPA, while not unique, is certainly stronger than that in almost all the other safety organizations I am familiar with. It is the base on which we are able to reach out into the community and use peer pressure to bring those companies that do not have active programs into a full realization of the benefits they will get from being involved with the volunteer organization or with the IAPA. There is no doubt in my mind at all.

When I was director of safety for my company, I was able to show conclusively that a plant that is safe is also a plant that is efficient, a plant that is happy and a plant where there are a great deal fewer grievances and problems in the administration of the work. Those things go together.

Mr. Donaldson: May I add one thing to that? A lot of my experience in the Industrial Accident Prevention Association has been at the grass-roots level, the section division level, and I can tell you that the volunteers in the community tend to know what is going on when they are that localized. In a lot of cases in our own group, we have known of problems in safety and other areas. We have telephone programs whereby we pass out cards to volunteer members, who call their counterparts at various companies to have them come and be involved in programs and get them on board with IAPA or safety programs. One of the values of the volunteer organization is that you are very close and you know what is happening.

Mr. Epp: I appreciate the volunteerism. I appreciate all the time that people like you give. Without trying to speak on behalf of the committee, I think the committee has particularly taken exception with the direction you get from your general manager and other paid staff, who are not giving you the value for what they are getting, to be quite honest. I have said that before

and I will say it again. I think the statement was primarily prepared by Mr. Findlay, because when I asked my question, he was the one who answered it. To be honest, it is a lot of gobbledegook and generalities. You get yourself in the corners without questioning why he puts those statements in there.

Mr. Findlay: Some of the programs we produce and some of the training programs we have, our guide to safety and what not, are reproduced with permission by four provinces in Canada and by one comparable organization in the United States. It is also reproduced in Australia and New Zealand. I suggest that the professionalism of the staff and the knowledge it has with respect to safety and health, supplemented by the knowledge within our member companies, more than justify our making the statement that IAPA is a recognized authority on safety and health.

Mr. Epp: I did not say that. You said that you are the most credible organization. I did not say you were an organization that is recognized for safety and health. You are saying two different things and you are backing down now from what you said here.

Mr. Johnston: May I respond?.

Mr. Epp: You may, Mr. Johnston.

Mr. Johnston: Your question is a good one. I cannot answer the part with reference to the amount of funding and how the other organizations are funded. That would be interesting to know.

With regard to the statement, everybody was involved in putting it together. It was with some pride that we said that and that is probably one of the main reasons. In our associations with people over the years, we look at our programs, we look at other programs and we have people who comment on the programs. The statement evolves from that type of thing.

Coming back to your question about whether the statement says or does not say that you are getting value for the dollar, I cannot compare it to anything else, but it would be worth comparing.

Mr. Epp: In retrospect, would you put it in again?

Mr. Johnston: Yes, I would. I honestly would, because I feel very strongly that the programs IAPA has produced, is producing and is working on are as good as or superior in many cases to programs of any others to which I have talked. It is only from talking with people that you happen to meet within--

Mr. Epp: I am not saying you are not the most credible. All I am asking is, what is your yardstick?

Mr. Johnston: I understand clearly what you are saying.

Mr. Epp: With respect to the board, you have a board of directors of 243 people, and we have gone into the labour representation. You have an executive committee of 25 people. How many labour representatives are on that committee? I am sorry I had to leave. If you answered that for Mr. Martel, I am sorry to ask again.

Mr. Donaldson: There are no labour representatives on that committee.

Mr. Epp: How many times does the board of directors of 243 people meet a year?

Mr. Findlay: I can answer that. The general board meets twice a year, but the independent boards meet three or four more times a year. The independent boards are those of the woodworkers, chemical workers, etc.

11:20

Mr. Epp: How many labour representatives are on the executive committee of 25 people?

Mr. Findlay: On the administrative committee, there is none.

Mr. Epp: There are no labour representatives.

Mr. Martel: Who are the two people from organized labour on your full board?

Mr. Findlay: There is one in the printing trades--

Mr. Martel: Give me their names.

Mr. Findlay: Why?

Mr. Martel: Because I want to know; that is why.

Mr. Findlay: I do not have them here. I can get them for you.

Mr. Martel: You do not know, do you?

Mr. Findlay: Pardon?

Mr. Chairman: Was that your supplementary?

Mr. Martel: Yes. I wanted to find out who was on the board from labour if they are so well known. They do not know who they are.

Mr. Chairman: Can you get those names, Mr. Findlay?

Mr. Findlay: I do not have the names here, but I can get them. One is in the printing industry and one is in the chemical industry.

Mr. Chairman: Can you get the names for us?

Mr. Findlay: Yes.

Mr. Donaldson: I believe I can give one at the moment. A gentleman by the name of Robert Hereford, who works with Dupont in Maitland in my own section, is one of the board members.

Mr. Findlay: I will get the name of the other gentleman for you. He is in class 19, the printing trade.

Mr. Martel: Go ahead, Mr. Epp.

Mr. Epp: Of the 25 people who have frequent meetings, how many meetings a year are there? Six?

Interjection: Ten is closer.

Mr. Epp: There are no labour representatives on it.

Mr. Findlay: No, there is none.

Mr. Epp: What are your intentions with respect to changing that? I want a commitment with respect to change. It is nice saying these things, but I want a commitment.

Mr. Findlay: The administrative committee is determined by geographical and industry representation. Through those means, we must have representation on that committee from the 21 divisions or the five districts, and we have representation by the 10 class associations. We must make sure it has that type of representation.

Mr. Donaldson: If I may, Mr. Chairman, I think I know where you are coming from, Mr. Epp. This goes back to the point I made before that I personally feel good--not that it is not better--that we at least have some folks coming in there. For example, with Mr. Hereford on the board of directors from our area, as he gains the experience, he stands to be elected by the board of directors into the administrative committee, or whoever else comes into the association and could be the representative from our area and for chemical workers as well.

Mr. Epp: You obviously have a set of bylaws or a constitution that would allow it.

Mr. Donaldson: Yes.

Mr. Epp: What percentage of labour representatives are you prepared to guarantee on the executive committee--25 per cent, 45 per cent?

Mr. Donaldson: I would have trouble talking about a guarantee.

Mr. Epp: Let me put it differently. What percentage of labour representatives on the executive committee are you prepared to recommend to your board and to the membership?

Mr. Donaldson: I would still give the same type of answer in that I would have a little problem with that at the moment. Until we go further with--as we told Mr. Martel, if we can get discussions going with labour and government to look not only at how far we are prepared to go but also, is labour prepared to go in that direction?

Quite frankly, and correct me, gentlemen, if I am wrong here, but as far as I know of our association right now, it is theoretically possible that they could all be representatives from labour. Seriously, the machinery is there that would allow it to happen.

Mr. Martel: Management appoints the people to the board.

Mr. Donaldson: I must come back to that. Mr. Martel is quite correct. The representatives are appointed in the first place by management. That is true, but theoretically, even with that, it could happen that they all--

Mr. Epp: Only theoretically. It has not happened in the first 75 years or whatever.

Mr. Donaldson: No, it has not.

Mr. Martel: It would take a miracle.

Mr. Epp: It is unlikely to happen unless the executive and the board take real action and start guaranteeing that it is part and parcel of it.

Mr. Harrap: I do not think there is any question that we would welcome that opportunity. The closer we can get to all the venues that reach the people who work on the shop floor, the plant floor, the better the job we are going to do in this province. We are very serious and sincere about that. The problem is finding the forum in which people are willing to sit down to work together.

Mr. Epp: Is it going to be an item for discussion on your next agenda?

Mr. Harrap: I am sure it is.

Mr. Johnston: It is on a great number of our agendas. We have been talking about this for a considerable amount of time. The IAPA supports involvement of labour in safety. Once again, in our own company things do evolve, although they are slow, as Mr. Martel might wish to say. From our committee within we now have our first representative from the labour side as a member of the executive in the local group, section and division. That is a first. You may say: "Fine. How many are there? That is only one." But it is a step we have taken.

One thing I think you have to admit--and I do not know the full answer to it--is that you are taking what is historically in the province, in the country and in the world an adversarial type of situation between labour and management and you have to meld that together into an organization that can promote safety. We all agree that is great, but there is going to have to be a lot of things happen to make it work that way.

I do not think I could give the solution right now to what it is, nor could anybody else. You have to know from the IAPA standpoint that we support it and we are trying to move in that direction.

Mr. Donaldson: May I make an additional comment? I hope you will forgive me for breaking in, but there is something that is dear to my heart in this thing.

In our own company we had a health and safety committee 10 years before it was required by law. The vice-president and the secretary-treasurer of our union are the worker representatives on the health and safety committee. While I am here today, I had those folks in at a meeting before I left and, Mr. Epp, they are in complete control of the safety situation in our plant today.

I can say without fear of contradiction that those folks in our operation have the right to come along to a machine or an operation without my presence or the other management representative on the committee and shut down that operation, if necessary. It has been done. I am trying to paint you a picture. I am challenging that in the province. That is where we have to come.

Mr. Martel was quite correct in saying it has come from the top down. Fortunately, in our organization the chief executive officer is committed to it, and that is the type of thing we have been able to work out. If we reach out, keep a dialogue going and work with labour, government and the safety associations, this can happen.

Not too long ago, the man who heads up the tripartite organization had a meeting at Jacksons Point. That was to develop the measurement techniques we are talking about. However, one of the side issues that was so encouraging there was that management, labour, academia and government were able to sit down together, and I believe very solid progress was made in that area. It is something that is evolving. It has to evolve, because we do not want to see people being injured in the work place.

Mr. Harrap: I would like to tie together two of your previous points, just to make sure there is no mistake here. You suggested at one point, or perhaps I did not understand completely, that Mr. Findlay and the staff may be setting policy for the IAPA organization.

Mr. Epp: No, I would never make that mistake.

Mr. Harrap: I am sorry.

Mr. Epp: I hope they would not. I would only go as far as saying they have a tremendous influence on the policy you have. They often recommend things and the board, being made up of part-time people who have their own businesses to look after, as do Mr. Johnston and Mr. Donaldson, sometimes cannot carry through the way they should. They would probably admit they have not been as diligent in some respects as they should have been in the past.

11:30

Mr. Harrap: One of the things I would like to mention is the degree to which we try to practise strategic planning. I am sure you are aware of that planning technique. What we are trying to do is to ferret out the problems that are interfering with the ongoing safety program. To that end, we involve people all across the province in planning seminars and these are called, perhaps euphemistically, VIP days. In our VIP days, several recurring themes have come up. One is, how do we reach out to senior management and make sure that senior management is committed to the safety principles and the safety practices we preach?

Another one that comes up time and again is how can we establish a more meaningful role for labour? We are not talking today about starting to look at a meaningful role for labour. We have been talking about that for the last 10 years that I have been involved with the IAPA and I am sure before that. It is not a new subject. It is not a new concern. The problem is how to get the players to come to the table.

Mr. Martel: I want to ask Mr. Donaldson a supplementary. Mr. Donaldson, you said that two people in your operation can shut down a machine. That is fine. When it comes to an expenditure and you need to spend some money, does the health and safety committee make that decision or does upper management?

Mr. Donaldson: Upper management makes the decision; but let me continue to tell you, and my health and safety committee would support me, it is not without their input. We will sit down and talk over safety problems

coming in. We even discuss new machinery coming in. I have sat at many of these meetings. Our management is of the type that will make expenditures for health and safety.

Mr. Martel: But if upper management chooses not to, then we are in serious trouble, are we not, about getting health and safety in the work place?

Mr. Donaldson: I would have to say they do have the last word.

Mr. Martel: Therefore, labour really has nothing but a consultative role in the whole process.

Mr. Donaldson: On the other hand, in our own company we make that a meaningful consultative role.

Mr. Martel: I do not dispute that with respect to your company. I am saying that in the final analysis, however, with health and safety across this province, labour's role is merely consultative. If somebody chooses to tell them to go and sit in the corner, that it is not introducing the new process, then they are dead in the water.

Mr. Donaldson: I can really only speak to my own area.

Mr. Epp: I want to look at the examples of out-of-province travel for a moment. Mr. Findlay, how many of those out-of-province trips on appendix B did you take? How many of those were you involved in? There are 13 trips.

Mr. Findlay: I was involved in 11 of those.

Mr. Epp: Eleven out of 13?

Mr. Findlay: Yes.

Mr. Epp: What is the policy when someone has a trip of this nature? Is a report submitted to the board with respect to the kinds of things that you would pick up so that everybody else would have the benefit? Is a full report given to the board after these conferences?

Mr. Findlay: First, with most of those conferences, those that go beyond North America, they are approved by the administrative committee. In all cases where I have attended these conferences, I have given reports to the administrative committee and I have brought back materials that we have incorporated into the materials we use. I have also had people come back to us and speak to some of our people and get involved in our conference. There is a reciprocal arrangement. Yes, I do give them a report of the trip.

Mr. Philip: Was the \$5,100 for your wife's trip to Johannesburg, which was pointed out on pages 15 and 16, approved?

Mr. Findlay: Yes, sir.

Mr. Philip: Do you consider it appropriate that your wife travels at an expense of \$5,100 to a function such as this?

Mr. Harrap: If I can suggest, sir, there is a fine distinction here between what was true at that time and what is true today. There is no question that was approved by the officers and the administration committee at that time as being appropriate.

Mr. Philip: So you are saying--

Mr. Harrap: I suggest to you that it would not be approved today for it obviously is not in keeping with today's times and today's terms.

Mr. Philip: You are saying it is contrary to today's policies.

Mr. Harrap: Yes it is. It is contrary to today's policy to have a number of out-of-province trips made unless they are approved in all cases by the administrative committee, and it is our position now that we will not pay for travel for spouses.

Mr. Philip: Are you--

Mr. Chairman: Well, now we will let Mr. Martel have one final supplementary and then go back to Mr. Epp.

Mr. Martel: You say this in your own policy; all expenses of wives travelling with staff members on Industrial Accident Prevention Association of Ontario business must be paid for personally by the employee. That policy has been in existence for a long time, as I understand it, having read this report rather carefully. Having read Mrs. Anderson's letter I believe, that her husband and his predecessor also--

Who changed the policy, in writing? I would like to see where the policy changed from what it was formerly under the previous two directors or managers. I would also like to see when that policy changed, and when it was changed back, and who authorized the payment of all these trips for Mr. Findlay and the spouses who travelled.

Mr. Harrap: I think that is an excellent question. Let me point out to you that a policy covers the general case and it is possible to have an exception approved by the same people who approved the policy. This particular trip that you are talking about was duly approved by the administrative committee of the board of directors. That is not to say the same thing would be approved today.

Mr. Martel: I said "trips," not "trip." I am not being specific. I want to know who approved the trips for the spouses to travel. Was that Mr. Findlay? I will be quite frank: Did Mr. Findlay approve all of those trips?

Mr. Harrap: We can go through chapter and verse, but those trips were approved by officers or by the administration.

Mr. Philip: We will go through chapter and verse, because I want to ask some very specific questions about Mr. Findlay's trip.

Mr. Chairman: Mr. Epp, please continue.

Mr. Epp: Getting back to the trips, how much time do you think you spent on these trips per year, Mr. Findlay, out of province? How many days were you away on trips out of province?

Mr. Harrap: In 1984, the record shows that Mr. Findlay was away 13 days.

Mr. Epp: On out-of-province trips.

Mr. Harrap: That is correct--13 days out of approximately 250 working days.

Mr. Epp: How many days did you spend at conferences and seminars and so forth in Ontario?

Mr. Findlay: Within Ontario? It is part of my doing business, let me tell you. My travels in Ontario--

Mr. Epp: No, I am talking about seminars and conferences. I am not talking about sitting down doing business with the executive and so forth.

Mr. Findlay: No, that is not what I am talking about either, Mr. Epp, let me tell you. My travels in Ontario involve about seven things for this organization. One is the administration, where I will be talking to directors, etc. Another one involves the division activities, whether they be conducting seminars, and some of those seminars I will attend. Sometimes I am a participant. I am also involved in the class activities, in seminars and training sessions that they may conduct in the province. Indeed, I may be part of those. I am involved in travel in this province in relation to the board of the Occupational Health and Safety Education Authority and as the general manager of the safety associations, in their activities. I sometimes have requests from individual companies to talk to their management or their safety and health committee on matters relating to that organization. I am also involved in technical activities and if the Canada Safety Council conference was in Ontario, I would be involved in that. I am involved in those types of activities. I am involved with our far north mini-conference which is held in Thunder Bay.

11:40

Mr. Epp: Of the 11 conferences you attended out of province, how many conferences were you involved in?

Mr. Findlay: In participating in some of those?

Mr. Epp: Yes.

Mr. Findlay: In Washington, I was involved in a national safety and management conference; in Atlanta, the International Loss Control Institute, ILCI, is dealing with OHSEA in our relationship to ILCI and IAPA in our international safety rating program; in Cincinnati, I was involved in and participated in activities at the Ohio Safety Conference. I was not involved as a speaker at the American Society of Safety Engineers, but I did participate in some of their technical sessions and brought back some very valuable information which we used at our conference this year.

Mr. Epp: I notice here that Spokane, Washington, was a conference you attended.

Mr. Findlay: It was not a conference, it was a meeting.

Mr. Epp: Oh, it is a meeting, but it is not listed as out-of-province travel.

Mr. Findlay: Those were examples. You are looking at the report?

Mr. Epp: I am looking at the report we got this morning, the detailed report, as opposed to the other report we got last week.

Mr. Findlay: Spokane was in 1984. Is that where you are looking? Beyond that?

Mr. Epp: Spokane was--

Mr. Findlay: It was 1983.

Mr. Harrap: September 11 to 13.

Mr. Epp: I do not know what year.

Mr. Findlay: It was 1983. That was the people-to-people program that was the result of the Canadian Society of Safety Engineering requesting my participation in a people-to-people delegation to South Africa. I think we went through that the last time I was here, but this related to that. At that time they did not know where they were going and I was there to work with them to determine the destination and who would attend.

Mr. Epp: Okay. Thank you for now.

Mr. Philip: May I ask a supplementary to that? I am confused by some of your answers concerning spousal travel. My understanding, and I have just checked it with the auditor's staff, is that there was always a policy that spouses would pay their own way. Now I am given to believe "that would not happen now," suggesting there is a new policy. When this trip was taken, the one to which the Provincial Auditor refers, in May 1982, was there not then a policy that spouses had to pay their own way? In fact, did your wife not pay her own way at a cost of \$5,100 to the association?

Mr. Findlay: I think Mr. Harrap told you there could be and has been through the administrative committee--and this was on the administrative committee records--that I would go and Mrs. Findlay would attend. If I recall, that was approved by the then honorary treasurer.

Mr. Philip: You are saying there was a policy and the honorary treasurer allowed an exception to the policy in that instance? Is that what you are telling us?

Mr. Findlay: No. The honorary treasurer made a recommendation to the administrative committee, and the administrative committee accepted it.

Mr. Philip: But it was a change to the policy or an exemption to the policy.

Mr. Findlay: It was an exemption to the policy.

Mr. Harrap: I said 10 minutes ago that this has been the case in some cases but will not be the case in the future. That is very clear.

Mr. Philip: What about all the rest of them? Apparently, there was a whole series of exemptions to your policy. What good is it to have a policy if you are going to come around and exempt people constantly?

Mr. Harrap: You have to look behind whether it is an exemption and ask, "Why is this being done?" These conferences are put in an international forum. It is necessary for the representative who goes, whoever it is, to have his wife along to properly represent Canada, IAPA, Ontario or whatever. When it is part of the terms of reference of the conference that people bring their wives, in the past the IAPA has accepted that and said, "Fine, we will pay the expenses." I am suggesting to you now that we are not going to do that.

Mr. Philip: Maybe the reason--

Mr. Chairman: Excuse me. Order, please. I have been pretty generous with supplementaries here. Mr. Hennessy, you have the floor.

Mr. Martel: That is mind-boggling.

Mr. Philip: Your wife paid her own way on the last trip you and I went on, Mr. Chairman.

Mr. Hennessy: I listened to Mr. Donaldson regarding his thoughts that management and labour should work more closely together. I have to agree with Mr. Martel in some of his comments, not with the way they were put but with the idea that they have only two out of a couple of hundred. They do not have much representation, and there are no big wheels on it or anybody with any influence or clout.

You cannot make much impact if you go to a meeting and there is only yourself and 10 other people. You will have a hard time convincing the other 10 people if they are more or less aligned on the same thoughts by certain people. I am concerned about that, and I have to agree with my colleague. I do not think labour is being properly represented on this committee; they know what the problems are and where they originate.

With all due respect, half the people on the board are management and may never have been to that plant; they do not even know what the concerns are. As far as I am concerned, I am a little disappointed at the lack of labour representation on the board.

Another of my concerns is that when we, as members of the Legislature, go on a trip, we have to pay for our wives. There is no such thing as being (inaudible) just because it is the Premier's wife, she can go free and somebody else's wife has to pay. I find it a little confusing that a multimillion-dollar organization can be run like a corner store with two or three people running it.

You say you made an examination of the expenses, and you intend to apply additional measures to complete this process. But the damage has been done; the taxpayers' money has been spent on trips for people. If anybody sat here in the House and did that--we have two ministers who are gone because they had a conflict of interest; they were handling taxpayers' money. You people also share that responsibility, because you are handling taxpayers' money to some extent and should be more responsible.

How much money was overspent? Do you have documentation on how many unauthorized trips were taken? How much money is that? Is it \$100,000, \$200,000? One way or another, it is a lot of money when you look at it.

If somebody in an executive position has enough funds to say, "Okay, you can take your wife for free," some guy in a lower category would not have that pull to get his wife to go for free.

I am a little disturbed that you say, "We made a mistake and we are going to rectify it." What about the money? Does the government or this committee not have the authority or the power to demand that the money be repaid? My concern is that it is taxpayers' money. Perhaps this committee could say these trips were illegal and demand that the money be returned, repaid or put back.

What action have you taken? Are you going to ask anybody to reimburse for trips that they were not authorized under the guidelines to take? It is like my grandchild doing something and saying he will not do it again, then 10 minutes he does it again. We cannot police you day in and day out.

My concern, with all due respect, is that you are in the same position we are in and you should not have the privilege if you are with government and spending taxpayers' money to say, "We will take along Joe's wife; she is not a bad girl" and stuff such as that. It does not help us as legislators to come up with something such as this.

Mr. Chairman, does this committee have any authority to ask that this extra expenditure be reimbursed to the government?

11:50

Mr. Chairman: That is a tough one, Mr. Hennessy. We will have to take that as notice, look into it and get back to you on it. Do you have any further comment?

Mr. Hennessy: No, thank you.

Mr. Poirier: Gentlemen, I believe all our concern here today is for the safety of the worker. I happen to be the founding president of the Prescott County Farm Safety Association, which was founded in 1980. I personally put up hundreds of dollars to invest in an association that was starting from scratch because there were no funds available. Literature on safety was handed out to us with an eye-dropper. It was as though Brinks had delivered the literature. That is how rare it was.

I read the Provincial Auditor's report. I saw the waste there. I wish I could have had the money for that spouse's trip to Johannesburg to start my safety association so we could have tried to reduce the number of deaths on farms in Prescott county from 1980 on.

I do not know how many of you were there at the time of these great happenings. What kind of comments would you have? With an association with so many employees, with such an interesting board of directors of 243 people, with an administrative committee of 25 people and with the salaries that are described at that level, how can something like that happen?

When I take my spouse along on committee, I pay for 100 per cent of her expenses. I can even show you some government trips where the government could have spent hundreds of dollars more and I paid out of my own pocket. How the hell can something like that happen with such expertise?

Mr. Philip: That has happened with all of us. The Provincial Auditor pays his wife's way.

Mr. Hennessy: (Inaudible) just like Wyatt Earp.

Mr. Philip: The Provincial Auditor's wife pays her own way.

Mr. Poirier: With such expertise, how can that happen? I do not know. I do not understand that. Do you have any comments to offer?

Mr. Harrap: The comment I made was that it will not happen again. We have taken very strong steps to impress upon the staff that there will be no exceptions for spousal travel in the future. I cannot go back and apologize

for the past when I was not the treasurer and I was not involved. I have to say that we have put an end to that practice, full stop.

Mr. Poirier: Fair enough. I respect your desire to improve safety conditions so we can reduce the number of accidents. Can I have an answer from you about the overstocking of plastic rulers and whatever, all this important stuff--

Mr. Martel: Baseball caps; 10,000.

Mr. Poirier: Baseball caps and whatever. What kind of information do you have in French? I come from the most French-speaking riding in all Ontario. Sixty-eight per cent of the people of Prescott-Russell are French-speaking. Most of the industrial workers in Hawkesbury are French-speaking. What literature do you have in French as opposed to that overstocking of 22,000 leaflets or whatever? I have not seen much.

Mr. Findlay: We have materials in French. In the Hawkesbury area, working with the local Hawkesbury section, is a francophone committee that sits down with our staff people and looks at all the literature we have and tells us whether it should be produced in French. Those that they recommend we produce in French, we produce in French if it is so required. However, we do not produce everything in French, because these people tell us, "The people who will use this are in most cases bilingual."

If you look at the materials we gave you earlier, you can see the items we feel it is necessary to produce in French. As a matter of fact, in one of the items we gave you that we got when we talked about our co-operation with overseas, you will see there is one that relates to seven languages. We got it from Australia. It came out as soon as the act came out.

We stole this from the Department of Industrial Affairs and Employment in South Australia. It puts in pictorial form those things that should be done with respect to health and safety. In each of the seven languages, it tells you what the condition is. I must look at the English. On page 10, the condition of portable ladders refers to industrial regulations 77(a) and (b). Cord connected to electrical equipment and tools to be grounded are in industrial regulation 48; each of those items has that connection.

If you look at the guide to safety and talk about what we did in getting the message across, when the act came out in 1978, we supplied more than 300,000 copies of that guide. We produced it in French, as required. We have also distributed a copy of the act, by buying it from the government and distributing it to all the safety committees and so on. We have distributed more than 300,000 copies of the act for which we paid and gave free to the committees.

Mr. Poirier: Roughly speaking, how many leaflets and documentation pieces would you have available to the workers--100, 25?

Mr. Findlay: In various types?

Mr. Poirier: Any types. Various types. Those that would be directed to the workers.

Mr. Findlay: Let me put it this way. These are directed to the workers. What we have given you is a sample of the types of documents that are available to the workers; for example, the abrasive grinding wheel standard, which is made available and which can be posted. There also is a checklist

that the safety committee can check through to make sure those things are being adhered to.

Through the literature we issue, we have companies that purchase and make available to their people the guide to safety, which can be used by the safety and health committee for individual talks and so on to the workers, and they can get a copy of the material in that guide.

Mr. Poirier: How many would you have totally, roughly speaking? Are we talking about 25, 100, 200 or 5,000? I do not know.

Mr. Findlay: We are talking of somewhere between 75 and 100 different documents that we would have available in various types and forms.

Mr. Poirier: Fair enough. What percentage of those are available at least in French if not in other languages?

Mr. Findlay: I cannot tell you what are available in French. I can find out for you. I can tell you this. Our management guide to loss control, which is a home study course, is available in English and in French. We produced a series of slides--there are 16 chapters in the guide--that go along with each of the individual chapters, approximately 20 slides to a chapter. We produced it in English. One of our member companies that wanted to take it into its Quebec operation asked me if it could produce the slides in French. I said: "Why, certainly." It is pretty costly for us, and we have not had that demand for French. They produced it at a cost of \$4,000. They gave the masters to the IAPA; so we now have it available in French.

Mr. Poirier: Exhibit F, which was supplied this morning, lists a whole series of courses given by IAPA.

Mr. Findlay: Yes.

Mr. Poirier: Do you have any idea how many of those courses that list represents?

Mr. Findlay: We have 27 different courses.

Mr. Poirier: How many different times were they offered?

Mr. Findlay: That is in the material we gave you. That does not include those that are conducted on request at individual companies. It is an entire list of our scheduled activities. You can see the dates for which they are scheduled. We have a compilation of the breakdown.

Mr. Poirier: Obviously, only from 1986 so far.

Mr. Findlay: That is just for this year.

Mr. Poirier: That is right.

Mr. Findlay: That is correct.

Mr. Poirier: I just happen to note that there must be at least 1,000 in there.

Mr. Findlay: Throughout the province?

Mr. Poirier: From the entire list we have here.

Mr. Findlay: That is probably correct.

12:00

Mr. Poirier: I notice that only two of these courses were ever offered in Prescott-Russell. I was wondering what it would be for the smaller and more distant places in Ontario. I do not know what the criteria are to choose a place to offer this.

Mr. Findlay: In your area of the province, the courses we conduct and where they are to be conducted are decided in co-operation with the local executive. It will determine the location. Generally speaking, down in your area, Smiths Falls--although not so much now--used to be a common, agreed-to area in which to hold them. We will hold those in any location that the division, section or class asks us to conduct them.

Mr. Poirier: Right. By the way, we are in the very far east whereas Smiths Falls is in the far west compared to where Prescott-Russell is.

Mr. Harrap: If I can just interrupt, the point Mr. Findlay made needs to be stressed. In the past three or four years, the IAPA has gone through a decentralization, a dissemination of a lot of the activities to the regions. The reason is that the regions know much better the requirements of their people in each of the districts. By doing that, we have attempted to better serve the populations in the different districts and regions we have, and that has been quite effective.

Mr. Poirier: I commend you for decentralizing. Do you know whether these courses are available to be taught in a language other than English?

Mr. Findlay: Yes. If the request is in French, we either have instructors on staff or we get instructors from our member companies who are qualified and who can do it in French.

Mr. Donaldson: May I make a comment? I did not know this before, but I have done a lot of work in that area myself, which is your interest. There is a gentleman in Hawkesbury who is a French-Canadian, a friend of mine actually. We have spent many hours working this out. We worked very closely with him. He sits on that committee. As a matter of fact, he chairs the committee and determines those that we want to translate. IAPA will translate as he and his committee demand. That is in Hawkesbury.

When we talked about what is involved, we missed the point that there is an education week put on by the IAPA in Ottawa. We try to filter in the folks from your area, up the valley and from our own corner of that triangle as well.

Mr. Poirier: Is that week bilingual when it is offered in Ottawa?

Mr. Donaldson: I would not say the week is, but we can put on bilingual classes. We have gone out and hired bilingual instructors in the past couple of years. We have made a conscious effort, working with the people in Hawkesbury, to bring bilingual folks on board.

Mr. Poirier: Fair enough. Will you be able to supply me with the name of your co-ordinator in Hawkesbury?

Mr. Donaldson: Yes. I will certainly be pleased to do that. If you want to see me today, I will be glad to tell you.

Mr. McLean: On a point of order, Mr. Chairman: Do you plan on finishing this morning or will we be back this afternoon?

Mr. Chairman: I think we will be back this afternoon.

Mr. Martel: I think you will be back tomorrow.

Mr. McLean: Why do we not adjourn now and come back this afternoon?

Mr. Philip: Why do we not just carry on with the questions?

Mr. Chairman: My hope was to adjourn no later than 12:15. I will give the floor to Mr. Philip.

Mr. Philip: I will be happy to give up the floor at 12:15.

Mr. Findlay, do you agree that the IAPA manual states that any staff members driving more than 24,200 kilometres annually may be required to drive an association automobile? Do you agree that is what it states?

Mr. Findlay: That is what it states.

Mr. Philip: Do you agree with the auditor's report that in 1985 you claimed for 34,000 kilometres?

Mr. Findlay: That is correct.

Mr. Philip: Do you drive your own car or do you drive an IAPA car?

Mr. Findlay: Until a year ago, I drove a board car.

Mr. Philip: The 34,000 kilometres in 1985 was the IAPA car?

Mr. Findlay: In 1985, it was my car.

Mr. Philip: Would you agree that that is in violation of your guidelines or your rules?

Mr. Findlay: That was not in violation of the guidelines. We go by the WCB guide. We do not have cars per se. We have two board cars. The board procedure for cars says if you travel more than 24,000 kilometres, then you can apply for a board car.

Mr. Philip: That is not what the manual says.

Mr. Findlay: I am telling you the procedure.

Mr. Harrap: Let us quote the exact words. In the auditor's report on page 25, it says, "We noted that the IAPA manual states that 'any staff members driving more than 24,200 kilometres annually on association business may be required to drive an association automobile.' It does not say 'must'; it says 'may be.'"

Mr. Philip: I can read that. I am asking whether there was any attempt by you or did you at any time ask to have an IAPA car, since you were going to travel more than the guideline of 24,000 kilometres?

Mr. Findlay: We do not have an IAPA car; we have board cars. Until 1984, I had a board car. When I was driving a board car back in 1982 or 1983--and I am on the road a fair bit, as you can see--it was supplied with air and other options, of which I paid one half. In 1984, the board went to cars that had no air, no nothing, four wheels. Because of the board procedure

with respect to cars, I elected to go to my own automobile. That is within the board guidelines.

We tried through 1982, 1983 and 1984, because of our association with the automobile companies, and we had made inquiries to get a leasing arrangement. We had some good leasing arrangements with a car that would serve the purpose much more cheaply than we were being charged by the board, but the board in its wisdom determined that if we were going to use cars, we would use board cars. Under the new tax system, it is not beneficial for a person--as a matter of fact it is a detriment to drive a company-owned vehicle. Therefore we give our people the opportunity and say they may if they wish, but they must exceed the kilometre guidelines.

Mr. Philip: In 1985, you travelled 34,000 kilometres, of which 50 per cent could be attributed directly to specific destinations outside Toronto, according to the auditor. This means that 50 per cent would be attributed to destinations inside Toronto, one assumes.

Mr. Findlay: I said the Toronto area, and by that I mean the greater metropolitan area.

Mr. Philip: That works out to about 340 kilometres a week.

Mr. Findlay: I drove 33,900 kilometres in 1985, and the total on my car was 44,400 kilometres; so 23 per cent of my driving was personal driving. I charged only my personal driving to my travel. In 1984, I travelled 36,500 kilometres, in a total travel of 42,800, or 14.8 per cent. In the year I had a board car, whenever I did personal driving, a lot of it was in my wife's car, which is air-conditioned. In 1983, the figures were 37,400 and 42,100, or 11.2 per cent, and in 1982, 32.4 and 39.8, so 18.6 per cent of my travel was personal travel.

Mr. Philip: Would you tell me if my arithmetic is correct? If you drove 50 per cent of the 34,000 kilometres in Metropolitan Toronto, assuming a 50-week work year, that would come out to roughly 340 kilometres inside Metro each week. Do you agree with that arithmetic? I have taken half of 34,000; that gives us 17,000--

Mr. Harrap: The mathematics are correct, Jim.

Mr. Findlay: I have been driving 340 kilometres in the Metropolitan Toronto area?

Mr. Philip: Yes.

Mr. Findlay: Certainly. If I went from here out to Bramalea and then back to my home, I would do more than 100 kilometres in that one trip.

Mr. Philip: How many trips do you make in a week in and around Metropolitan Toronto?

Mr. Findlay: My God, I am in and out of our office and I make trips at night to go to various division activities and that type of thing. I can do that standing still in a week.

12:10

Mr. Philip: Do you agree with the charge by the Provincial Auditor that there is a lack of information in support of a large number of mileage

claims and that many of the mileage claims of the staff do not identify the specific location to which charges are made?

Mr. Findlay: What the auditor said when he looked at our documentation was that on the expense accounts it may show only the mileage and the location. We have backup sheets that show where people are assigned and what trips they made. For instance, if we have a consultant who works in Toronto, he could go from Bathurst Street out to Roncesvalles. He will show Toronto area, but the backup on that is the fact that he called on four plants.

Mr. Harrap: Let us be very clear on this point. I do not want any misunderstanding on this. There are two sets of documents that each person fills out each day and each week. One is a travel expense report on which he shows his mileage. Another is an activity sheet where he shows the work he has done. That becomes part of his permanent work record. The activity sheet shows what work is done. That information was not transferred to the expense sheets. When the auditor looked at the expense sheets, he could not match up the two very well, because they are not filed together.

Earlier this month, before the auditor's report came out, I gave Mr. Findlay the direction that documentation on reimbursement of automobile expense will show actual kilometres on purpose and will not include travel to and from work and that the compensation rate will follow provincial standards. I suggest to you that is the standard we are going to follow. The documentation has not been adequate; on that point we are guilty. We have not documented things properly. We will do so in the future.

Mr. Philip: Because of the time, I will ask the Provincial Auditor about that later. Can you tell me when the policy that says that if your wife goes along, you will pay her costs was changed? Was it before or after the Provincial Auditor's inquiry concerning spousal travel?

Mr. Harrap: We have never changed the policy. What we have done is to stop the exceptions.

Mr. Philip: When did you decide to stop the exceptions?

Mr. Harrap: Within the past three months. There has been one exception in 1986--one.

Mr. Philip: Either you are a bad listener or a slow learner. You know what question I am asking. I am asking you when you decided to change the policy that there would be no spouses travelling on the expense account, before or after the Provincial Auditor started to look at what was going on?

Mr. Harrap: We changed it as a result of the start of this inquiry.

Mr. Philip: At least the Provincial Auditor's inquiry has helped you to clean up something.

Mr. Harrap: Yes, sir, very definitely. We said that.

Mr. Philip: Perhaps my resolution was not in vain and we are getting some results from moving to have this inquiry. I want to go into the details of some of the travels. I would like to do it after lunch.

Mr. Chairman: We will resume at two o'clock and Mr. Philip will have the floor.

The committee recessed at 12:15 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

SAFETY ASSOCIATIONS

MONDAY, OCTOBER 6, 1986

Afternoon Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gregory, M. E. C. (Mississauga East PC)
Harris, M. D. (Nipissing PC)
Miller, G. I. (Haldimand-Norfolk L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Hennessy, M. (Fort William PC) for Mr. Pope
Martel, E. W. (Sudbury East NDP) for Mr. Wildman
McLean, A. K. (Simcoe East PC) for Mr. Gillies
Poirier, J. (Prescott-Russell L) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Industrial Accident Prevention Association of Ontario:
Harrap, G., Honorary Treasurer; Director, Distribution, Union Carbide Canada Ltd.
Findlay, J., Executive Vice-President and General Manager
Johnston, R. C., Second Past President; Vice-President, Operations,
Dorr-Oliver Canada Ltd.
Donaldson, G. F., President; Manager, Loss Prevention and Security,
AEL Microtel Ltd.

From the Workers' Compensation Board:

Elgie, Dr. R., Chairman

From the Ministry of Labour:

Bucher, R., Chairman, Occupational Health and Safety Education Authority

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday, October 6, 1986

The committee resumed at 2:10 p.m. in room 230.

SAFETY ASSOCIATIONS
(continued)

INDUSTRIAL ACCIDENT PREVENTION ASSOCIATION
(continued)

The Acting Chairman (Mr. Gregory): We are in business. Mr. Philip, do you want to continue?

Mr. Harrap: Mr. Chairman, may I have a minute? Several points were raised before lunch, and I would like to demonstrate to this committee that we are extremely responsive in getting answers to the questions that were raised and that we try to comply in every way we can.

We were talking about the directors who are members of the labour force or the labour movement. We have two names to bring forward: Bob Hereford of Dupont and Brian Collins, who works for Southam Press.

A reference was made before lunch, during the discussion of the five-star program, to de Havilland. We have checked, and de Havilland has never been a participant in the five-star program. We would welcome it in that program any time.

Finally, we have checked the materials that are available in French. We have two courses that are currently given in French, and there are a number of pieces of literature. I do not have an exact accounting, but we will have that for you before the end of the day, Mr. Poirier.

Mr. Poirier: Thank you.

Mr. Philip: I want to go over a series of incidents, and perhaps you can explain to me who approved and what the process was. Would you review for me again the procedure by which Mr. Findlay would have obtained approval to have his wife's expenses paid on the May 1982 trip?

Mr. Harrap: Yes, I would be pleased to talk about that. In that particular case, Mr. Findlay approached the president and the president brought it forward at the advisory board meeting. The advisory board, on the recommendation of the president and the treasurer, approved the idea that Mrs. Findlay accompany him on that trip. In fact, all five of the overseas trips on which one or another of the staff was accompanied by his wife were approved by the advisory board.

Mr. Philip: What was the justification for approving the expenditure for Mr. Findlay's wife to travel on that trip?

Mr. Harrap: Let me try to explain that for you. The role of a wife in this organization is not clear. It is not defined anywhere in the bylaws

and it is not defined anywhere in the procedures, but I will tell you what the usual practice is in the safety associations, particularly in groups such as the National Safety Council in the United States and the Canada Safety Council. It is a very great asset to a senior staff member to have his wife present, because there is a certain amount of entertaining involved with speakers and distinguished guests. The wife is expected to be able to speak intelligently to the subject of safety, and obviously that training has to be provided at some point.

On some occasions the travel has been justified by the opportunity to take part in specific training courses of one kind or another at those seminars. Some people may have the impression that this was a free junket for the wives of the staff members. It was not a free junket. It was an opportunity to go and to take some training, take some courses and do some things socially and practically to increase their knowledge of the safety work and the safety associations.

Mr. Philip: If they are doing that kind of valuable work, why do you not hire them as consultants, put them on the payroll and keep it above board?

Mr. Harrap: Mr. Philip, we do not have any horses on our payroll.

Mr. Philip: I was not referring to Mr. Findlay's wife as a horse.

Mr. Harrap: No; I am not implying that you were. I am taking you back a few years to the reference where they discovered that the Canadian army had some horses on the payroll and had been paying them a salary. We are not trying to compete in that venue at all. We have no horses on our payroll.

Mr. Philip: Surely if it is worth training those people, it is worth paying them. Either they have a function in the organization, in which case it should be clearly spelled out, or they do not.

Mr. Harrap: I have a function in the organization, sir, and I am not paid. It costs me money to work for IAPA.

Mr. Philip: In the case of Mr. Findlay's wife, that role is not clearly spelled out.

Mr. Harrap: No, it is not.

Mr. Philip: There is a direct policy that is contrary to that.

Mr. Harrap: An exception was approved because of the involvement.

Mr. Philip: I can have all kinds of policies as long as I exempt them. Can you tell us why the next one, a trip in October 1985 to New Orleans for the National Safety Council conference, was attended by nine staff and two spouses? Who were the two spouses on that occasion?

Mr. Harrap: What was the occasion?

Mr. Philip: The National Safety Council conference in New Orleans.

Mr. Harrap: Two spouses attended that event, Mrs. Findlay and Mrs. Mackie. The National Safety Council is the premier United States safety association gathering. I have been to it myself. I know how events are carried

on there. It is a great opportunity to meet and be known and have discussions with a very great cross-section of American safety officers and their spouses because they all go. I believe the justification in that case would be to meet people, to be cognizant of their work and to be able to entertain them when they come here, because a number are speakers at the seminars and conferences put on by IAPA.

Recognize that the safety community around the world is tight-knit. I cannot think of a good comparison, but it is a very close society and the people who are in staff work are in constant communication. They share information freely. It is not a closed society; it is very open.

Mr. Philip: The public accountants' system is tight-knit too. Ken Dye pays for his wife when he acts as the gracious host of the public accountants' convention once a year. Doug Archer pays. I have even seen Doug Archer pay for his wife when she sat down at a banquet that was held in Prince Edward Island. He paid the cost of the extra meal, not to mention the difference between a single and a double room and her fare. If there was ever a group where one could possibly justify someone acting as a co-host, it would be for the wife of the Auditor General of Canada or of the Provincial Auditor of Ontario. They do not expect the public to pick up that kind of tab.

When I have acted as a guest speaker at conventions and my wife attended, I have paid her fare and I do not earn the kind of money--is it nine out of 200 employees who earn \$55,000 to \$70,200 according to your figures? They are hardly on the welfare rolls. Surely they can pay an air fare. I do not know what Mrs. Findlay was studying in New Orleans. Maybe it was the effect of jazz music on the hearing systems of jazz musicians and leaders; whatever it was. I wonder what the payoff was in terms of health and safety for the citizens of Ontario. Did she take a course in New Orleans?

Mr. Findlay: She attended some of the technical sessions.

Mr. Philip: What did she do with that information?

Mr. Findlay: She would use it in some of her travels with me to division and section executives and division and section activities in the province.

Mr. Harrap: I cannot believe you are serious about the jazz music.

Mr. Philip: I am serious in that, if you are going to pay for someone to take a course, one has to ask, what is he going to do with that course? I do not mind the taxpayers paying for training. I come from a profession of being a management trainer. I do object to and any of the companies that I work for would object to paying for training for someone who was not going to use that training to benefit the company directly, or in the case of a public enterprise, that public enterprise. I am asking, what did your wife do with the knowledge after she took these highly technical courses?

14:20

Mr. Findlay: One of the things my wife may do when we go to the National Safety Council is contact professional speakers to come to our conference. She is involved with me in the discussion of what our conference is about and how it benefits people in Ontario.

Mr. Philip: At least all the jazz music did not stop in New Orleans.

Mr. Harrap: May I add before you go on that we have indicated several times that we have changed our practices in that area. You are talking about history. I have made it very clear a couple of times that I have--

Mr. Philip: You changed it willingly after the Provincial Auditor caught you.

Mr. Martel: You had your hand in the cookie jar.

Mr. Philip: The reason you changed it was that you got caught. That is the reason you changed it.

Mr. Harrap: I do not know the practices of the Legislature. I am not an authority on any of these things. We were advised by this group and by the Provincial Auditor when he came that we were out of line; so we got back in line.

Mr. Philip: Sir, it has nothing to do with the practices of the Legislature. It has to do with common decency. You do not go through a revolving door on someone else's push, particularly if the push is given by the taxpayer.

Mr. Martel: Industry has been very critical of government expenditures.

Mr. Philip: Surely people from the industry that is so greatly critical of government's expenditures would understand our concern.

I refer you to page 17. Our review indicated instances both before and after July 1985 where claims for hospitality or nonmeal expenses were not supported by receipts. Is it not true that until July 1985 receipts were not required, but you changed your policy? Mr. Findlay, can you explain how you can change a policy and then not follow it?

Mr. Findlay: The meal policy was prior to July 1985. There were meal allowances for our people. If you had a meal within those allowances, a receipt was not required. There was a procedural change at that time with the board's policy that we would request receipts for all meals.

Mr. Philip: Then why after 1985 did the auditor find instances where hospitality or nonmeal expenses were not supported by receipts?

Mr. Findlay: There may have been some that got through the system. We have taken steps to correct that.

Mr. Philip: Who would have approved the \$330 for 35 claims in 1985 that were identified only as special meeting expenses? Would you have signed that?

Mr. Findlay: No, I did not.

Mr. Philip: Who signs that?

Mr. Findlay: That would be the executive director of provincial services.

Mr. Philip: Who authorizes it then? Does it go forward with your recommendation?

Mr. Findlay: At that level within our signing procedure for expense accounts, it would have been approved by his immediate supervisor.

Mr. Philip: You would never have seen it?

Mr. Findlay: That is correct.

Mr. Harrap: If I may, I would like to read into the record a letter I wrote to Mr. Findlay on September 26 documenting some conversations I had with him on September 23, which is before the period where we had seen the draft report from the Provincial Auditor.

Mr. Chairman: How lengthy is the letter?

Mr. Harrap: It is a letter of four paragraphs and 12 points attached.

Mr. Philip: Why not let me finish my questioning on it and then you can read your letter? On page 18, the auditor says:

"In some instances, receipts did not agree with claims made on expense reports. Cases were also noted where dates and the number of individuals attending indicated on the receipt did not agree with those claimed on the expense reports."

Would you not agree this suggests either mismanagement or something worse than mismanagement?

Mr. Harrap: I would like to speak to that. Anybody who has worked in business knows what is meant by management control. Management control has nothing to do with policy; it has nothing to do with procedure. It has to do with how good a job you do of following your own rules. I am willing to admit that there have been times in the past when IAPA has not exhibited adequate management controls. It is my intention, and I will read the letter when it is appropriate to do so, to hold the staff to better than normally accepted practice of management control. I think we have some deficiencies in this area that we are in the process of cleaning up.

I thank the auditor for bringing forward specific examples, which allows us to be quite specific in what we want to see happen. We are not happy that the control exhibited by the staff on expenditures is inadequate and we intend to fix it.

Mr. Philip: The auditor points out on page 14 the many instances where first-class air flights have been taken with no explanation for the need. Can you tell us what your policy was on whether you used first class or the cheapest method available?

Mr. Findlay: When I came on board this organization, it was agreed by the then general manager and carried on with the knowledge of these officers that for travel requiring more than two hours, I would be allowed to use first class. In 1944, I was injured in Italy while I was with the 48th Highlanders. I was in hospital for 18 months. I have a war injury, which was later aggravated in 1954. I had an industrial accident when I fell down an elevator shaft. As a result of those two and my legs, I cannot sit in a position longer than two hours; I must get up and move about. First-class travel allowed me to be able to move my legs because there is more room. Therefore, with the knowledge of the officers of the administrative committee,

I am the only person who has ever travelled first class, and it is travel beyond two hours.

Mr. Philip: As someone who travels tourist class all the time, I know I can get up and move around, particularly in the modern airplanes.

Mr. Findlay: That may be, but I have a leg injury for which I am drawing a wartime disability pension. It was agreed to when I first came on board, when I was not in the position of the general manager. It was a practice, when I was in industry, that my companies allowed me to do the same thing.

Mr. Philip: It reports several instances where the most economical mode of transportation was not utilized. The example was that on a long trip someone takes a car and runs up mileage for it. I know what the procedure of the Legislature is. It is fairly clear, and maybe our clerk can verify this, that if I were to attend a convention, if I were to charge mileage, I would have to charge an amount not exceeding the air fare. Is that not the policy we are held to? If I attend the public accounts convention in Quebec City next year and decide to take my car, because I want to go on to the Gaspé or something such as that, I will get only the equivalent of one economy air fare. Is that a policy you have at the IAPA?

Mr. Johnston: I will speak to that if I may. I looked at the incident that was involved, and it was the one especially to the east. The policy is that in any situation where there are two different ways to go, they are supposed to evaluate it and do the most economical.

On that one, I found there were stops on two occasions on the way down, and if it was a situation where going by air would have been cheaper, then it was an error of judgement. However, the judgement was looked at and it was made, and if it is wrong, it was a judgement error. It is a policy that the cheapest method of travel be adopted. If the procedure does not take care of that policy, then it is a procedure problem, which we correct.

Mr. Philip: You seem to have all these great policies that make some sense, but they are not followed. That suggests maybe not a policy problem but a management problem. You can quote me policies and then say you make exceptions to this or to that. If there are going to be exceptions to policy, then good management dictates that you spell out in what instances and how you would evaluate an exception.

I do not expect a fellow who perhaps has a war injury, if it is very painful for him, to travel in pain. No reasonable person would expect that. But I do expect some kind of rational policy in place to deal with the exception so it is not open to the feeling that it may be caprice or influence, or who it is that is asking for it, that creates these.

14:30

Mr. Johnston: The point I am attempting to make to you is there are policies that take care of most of the things you have identified; and we readily accept that there are policies. The procedures have to be enforced, and we are saying that certain things have been changed and will be enforced.

Mr. Martel: But they have been abused.

Mr. Johnston: What more can we say than that we are going to make sure that things that have not been proper in the past will be proper in the future?

Mr. Philip: In the case of the trip to Newfoundland, you are saying the particular staff person had to make several specific stops along the way. Is that the explanation?

Mr. Johnston: That is my understanding.

Mr. Philip: Why would the auditor not have found that? There should have been some justification or note in it; otherwise you can rationalize anything. I can rationalize going to Thunder Bay. I can rationalize that, sure; I had to see Elie or Elie's president or all kinds of things. I can find as many rationalizations to go to many cities in Canada and the United States. There is no problem coming up with that after the fact. The issue is whether you had it before the fact so some decision could be made. That is where you are lacking.

Mr. Harrap: Let me speak to that specifically, if I may. I asked about this one because it seemed to be a fairly glaring example of something I would not condone in my own company. I asked what was done, and I was told it was necessary to make one stop in Quebec City, one stop in New Brunswick, one stop in Newfoundland and one stop on the way back in New Brunswick. That was analysed, and it was found that travelling by car was equally competitive with travelling by air, and in addition, a number of materials could be taken along to be used during the trip.

Mr. Martel: Will the auditor confirm that for us? I am going to ask the auditor to have someone look into that, because I find it difficult to accept seven days of travel with regular wages paid and the whole business.

Mr. Harrap: I am sorry, Mr. Martel, it was not seven days of travel; it was seven days of travel, conference, meeting and everything else.

Mr. Martel: Right; I understand that.

Mr. Harrap: It was not seven days of travel.

Mr. Martel: A total of seven days of company time was used on this trip, and I find it hard to believe. I have driven to the east coast twice, and I have flown there twice, and I can assure you it is a hell of a lot faster to go by plane every day of the week.

Mr. Harrap: Depending on how many destinations--

Mr. Martel: As many destinations as you want. We fly all the time. I am the world's worst flyer. I hate flying, but it is a lot faster for me to fly, as I did last week from Ottawa to Sudbury, to Thunder Bay and back to Sault Ste. Marie than it would have been to drive--a lot cheaper and a lot faster. You want us to believe that because he called in at three places, it was cheaper. I am going to ask the auditor to get the verification for that, if he would be so kind.

Mr. Philip: Can I ask you about the parking spaces that were provided--a range from seven to 10? How many parking spaces are going to be provided?

Mr. Findlay: Seven.

Mr. Philip: It is not your position to change that as a result of the comments of the Provincial Auditor.

Mr. Findlay: No.

Mr. Philip: Can you tell us why?

Mr. Findlay: Yes. The people who have these parking requirements are in and out of them, and it would cost the organization more if they were to go in and out than to pay a flat rate charge so they have in-and-out privileges. Most of those cars are, will be and have been moved out one or more times a day.

Mr. Philip: If your association were perhaps in an industrial area where you would be closer to the clients, they would have free parking space for the whole staff, if it existed in Mississauga or North York where there is cheaper office space available.

Page 52: "The operational review observed that the approach used by the consultants to select priority firms (those requiring a high level of consultant involvement) varied from district to district." Furthermore, "Only one district had formally documented the specific minimum criteria which consultants must use to select a priority firm." A firm identified as a priority in one district would be disregarded in another district.

Mr. Findlay: You are reading from a report by the internal auditor of the Workers' Compensation Board, and we have not had an opportunity yet to get back to him. He does not fully understand the operation of priority firms. He made a statement that we have not been able to address with the Workers' Compensation Board and, thus, the internal auditor to clarify.

Mr. Philip: The statement was made on September 24. What is the date? Dr. Elgie is here; perhaps he can--

Mr. Harrap: Let us be very clear. There was an internal audit conducted by the WCB, which was given to us in draft. Following that, it was planned to have a conference with those auditors to determine whether they wish to bring the audit forward in their formal report. What you are reading from is a draft report that was freely given to the auditor for his information. It does not mean the information in it is fact, because it has not been published yet by the WCB. It is a draft and we have not responded to it, nor do we accept the veracity of everything said in it.

Mr. Philip: But it is an internal audit. It is the conclusions of the interal audit from the WCB.

Mr. Harrap: No. It is a draft.

Mr. Philip: After doing the audit, this is what they have concluded. Be it a draft or in its final form, this is one of their conclusions. Is it not? Dr. Elgie is shaking his head that it is.

Mr. Harrap: Let me explain to you how an audit is conducted. I am sure the Provincial Auditor will back me up on this. The auditors come in, examine the facts and bring forward a draft report. The draft report is reviewed with management. Certain things are modified as a result of following discussions. Misunderstandings are straightened out. Some articles in the report are removed as being either immaterial or not factual. Then the final report comes forward.

What you are reading from is not a final report; it is a draft. It has not been accepted by the Industrial Accident Prevention Association. It has

not been submitted by the WCB. It is a preliminary document, and we do not accept some of the things that are said in it.

Mr. Philip: If I have given the wrong indication about Dr. Elgie, he is agreeing with you. I know that cannot show on the record; so I will repeat it. I am sorry if I misinterpreted his nonverbal communication. I would not want to do that.

You say all the conclusions in the internal audit are tentative.

Mr. Harrap: The statements on pages 49, 50, 51 and 52 are quoted from a draft document. We agreed with the Provincial Auditor that it was fair to state them, but it is with the understanding that it is not final and IAPA has not replied.

Mr. Philip: I have taken a lot of time. I will make way for some other people.

Mr. Martel: I understand that since we started raising these questions--maybe you can confirm it--all the locks have been changed at the IAPA office. Is that right?

Mr. Findlay: That is not correct.

Mr. Martel: I have a letter somewhere that says that. You will have to excuse me for a moment, because somewhere in this bundle of goodies, I believe it indicates that the--you will have to hold on for one moment.

Mr. Harrap: Perhaps it would be material for me to read that letter while Mr. Martel is going through his portfolio.

Mr. Chairman: That is a good suggestion.

Mr. Harrap: This letter is dated September 26. I would be pleased to give you copies of it, but it is probably appropriate to read it.

"Mr. J. B. Findlay, Vice-President and General Manager, Industrial Accident Prevention Association.

"Dear Jim:

"This will confirm our conversations on September 23 where I have advised you that you must take some immediate initiatives in the management control area of IAPA administration. The list of items is appended. These initiatives will clarify and communicate statements of administrative policy and will ensure that these policies are followed by all IAPA people. They will both improve management control and will give the casual observer the assurance that IAPA administration is both consistent and correct. These initiatives will be introduced to the staff in a constructive manner so that their understanding and acceptance is obtained. Completion of this task should be achieved within one week.

"Please keep me informed of all progress in this area weekly until all items are completed.

"Regards, George Harrap."

That is sent on my company letterhead.

14:40

Here is a list of changes required by IAPA in management control:

1. A brief policy statement regarding travel expense and expense accounts will be prepared, reviewed by two officers and issued to all staff.
2. All out-of-province travel will continue to be authorized by two officers. We put that practice into effect in June.
3. All employee expenses will be paid by the employee concerned and will be reimbursed on receipt of proper documentation. No periodic billings from hotels or restaurants will be accepted for employee expenses except for charges for meeting rooms.
4. Entertainment will be limited to that required to conduct effectively the business of the association. The purpose of all functions and the names of those who attended will be shown on approval documents. Dollars will be split to show staff and guest costs. Receipts will be required in every case.
5. Level of expenditure permitted will be established and followed and will be consistent with the Manual of Administration. Approval authorizations will be maintained and changes will be approved by two officers.
6. Documentation on reimbursement of automobile expense will show actual kilometres and purpose and will not include travel to and from work. Compensation rate will follow provincial standards.
7. We will continue to insist that additional expense for spousal travel will not be paid by IAPA.
8. Memberships in organizations other than safety groups or related to safety objectives will be approved by two officers.
9. All cases where the most economical means of travel are not used will be documented to show reasons, with justification if appropriate.
10. Competitive bids will be obtained on all large purchases. Blanket orders and contracts will be used to reduce costs on small items that are ordered frequently. Bid comparisons will be prepared to justify decisions on purchases.
11. Employment, whether full-time or part-time, will be governed by a written procedure and advertised in a suitable medium. The best candidate, not necessarily the most highly trained, will be selected.
12. Regular reports will be prepared that show the tabulation of reimbursement for expenses of staff members. Reports will be reviewed and approved for reasonableness by senior staff. In the case of senior staff expenses, at least two officers will review and sign the tabulation.

I submit to you gentlemen that this is IAPA's revised practice in the area of management control. I made the statement that I was not happy with it. This is what will be done.

Mr. Martel: Let us go back to my question. I have a letter here, a memorandum to IAPA staff from Mr. Findlay. It says:

"Owing to an increased need for security in our operations, I regret that we find it necessary to change the combination locks on the entrance doors to each floor.

"The combination will not be revealed to management or staff (including myself) and it will be up to key holders to make arrangements with staff who are required to enter the offices outside working hours. Exit from the offices is no problem, but you should be aware that after leaving the office complex it will be difficult to re-enter."

I am not sure what we have down there. What is so confidential that one has to change all the locks on all the doors leading into the building as of June 6, 1986?

Mr. Findlay: When we took over the 31st and 32nd floors, there was a main entrance to the office. There are four fire doors around the office perimeter. We fell heir to a combination system that Bell Telephone had left with us. At one time, after the office was closed to certain people, we would give them the combination of that lock. We found that it got very Lucy-Goosey. Therefore, I ordered that the combination be changed and that those doors be used for the purpose for which they were designed--as outgoing fire exit doors--and that all entrance into the office would be by the main office door.

Mr. Martel: What do you have that is worth stealing?

Mr. Johnston: Mr. Martel, may I speak?

Mr. Martel: Yes.

Mr. Johnston: I have not seen or heard of that letter before, but let me ask you a question: What is wrong with that type of letter going out in any organization? It does not necessarily mean there is confidential information; it means there are things in there that should be properly protected. Any company, any business, anybody would do such a thing; so why are you making an issue of this?

Mr. Martel: It says, "Owing to an increased need for security in our operations...." Are you under a state of seige down there, or what? The other letter from Mr. Donaldson says exactly the same thing.

Mr. Johnston: All I am saying is that it is a normal security measure that should be taken in any business. Do you leave your front door wide open?

Mr. Martel: The door to my office is open all the time. Do you want to go and steal from it? What the hell is there worth stealing, except a bunch of paper nobody wants anyway?

Mr. Johnston: I think you have made your point.

Mr. Donaldson: May I add one thing? I am responsible for security in our operation as well. This may or may not be relevant, but I will throw it in. The legislation calls for an employer to provide security for his people. We do change our locks from time to time for that reason.

Mr. Martel: We should learn that around here then. We should have our locks changed all the time. You have a siege mentality, we realize. This is Mr. Donaldson's letter of the same date. It says, "We realize the

association is under attack and we would urge you to bear with us in a trying situation for all of us who are appearing up front...I request your support." Where is this attack you are under? Was that the Minister of Labour suggesting you had to clean up your act or the Workers' Compensation Board trying to push you?

I have Mr. Hainey's letter as well, which is the same sort of letter. What kind of siege mentality is going on down there? Shall I read Mr. Hainey's letter? I have it too, and it is the most preposterous letter I have ever read. He has the names of all the people. He can write to just about anyone. I would like to know where he gets the list.

Just a couple of quotes: "The interpretation"--

Mr. Harrap: Excuse me, Mr. Chairman.

Mr. Martel: Mr. Hainey does not really want labour involved, does he?

Mr. Harrap: May I have a point?

Mr. Chairman: Go ahead.

Mr. Harrap: The IAPA is not responsible for Mr. Hainey's letter.

Mr. Martel: I understand.

Mr. Harrap: Mr. Hainey wrote that letter as a private citizen, and I propose that we do not try to defend Mr. Hainey's action. If you want to talk to Mr. Hainey, Mr. Martel, why do you not call him up?

Mr. Martel: Do not tell me what I want to do.

Mr. Harrap: I am not. I am suggesting that is not the--

Mr. Martel: I am saying it is the siege mentality of people who work for the IAPA who do not want the involvement of labour in what they are doing. Mr. Hainey used to be the chairman of the advisory committee of the Industrial Accident Prevention Association, and he is writing to suggest that the Workers' Compensation Board is attacking management, that there is not much place for labour, that there is too much effort to make labour have an equal say in occupational health. He represents, I suggest to you, the attitude of many of the people in the IAPA.

Mr. Harrap: May I ask a question, Mr. Chairman? Is that letter part of the open files of the committee? Do you all have it? It is purposeless for Mr. Martel to quote from it unless you have seen it.

Mr. Martel: Are you here to tell us what we should be doing?

Mr. Harrap: No. I am asking a question for information. I have no idea whether you have seen this before.

Mr. Martel: I am reading you something from someone who held a major portfolio in the IAPA to indicate to you that the attitude that is constantly prevalent in that letter is that labour has no real role and that the Workers' Compensation Board is really getting pushy with you fellows because they want labour to have a say in what goes on in the field of health and safety. That is what I am saying. It is the whole attitude of everything we have talked

about today: "Well, yes, that was the past, and there is a new dawning." You must think we are all dumb around here. This "new dawning" came with sudden abruptness this year, did it not?

Mr. G. I. Miller: June 26.

Mr. Martel: June 26.

Mr. Harrap: I am trying to be very reasonable about this.

Mr. Martel: So am I.

Mr. Harrap: I am trying to determine whether the other members of the committee have seen this letter to which you keep referring.

Mr. Martel: No. It came to me in a brown envelope.

Mr. Johnston: Mr. Martel, we said this morning that we supported labour as part of the safety movement; we said that categorically to you this morning, and we meant it. I do not care what you bring out now; as officers of this organization, we said we support it. We also told you there were certain problems in making that transition, and I think we have started to address those problems in a real, businesslike fashion.

14:50

Mr. Martel: Tell me how many people on your staff deal full-time with labour.

Mr. Johnston: I do not understand your question.

Mr. Martel: Someone who is on your staff, someone who works for the IAPA, whose sole role is to deal with labour. How many?

Mr. Johnston: We do not have anybody whose sole role that is that I know of.

Mr. Findlay: In 1984, in our budget presentation to the board, we suggested that we bring a person in full-time as our contact with labour to start to build up the labour thing. That was turned down by the board.

Mr. Martel: Wait a minute. Which board? The Workers' Compensation Board?

Mr. Findlay Yes, sir.

Mr. Martel: When you have a budget of \$15 million, are you telling me the WCB tells you whom you can hire and how you employ your staff? They wrote out cheques, and we are going to get around to the question of who signed all the cheques from the WCB without ever questioning any expenditure. I want to know who the Santa Claus down there was before I am done. Are you telling me the WCB tells you every person you can hire and these people's responsibility?

Mr. Harrap: That is exactly correct. I am glad you said that.

Mr. Martel: Dr. Elgie is here, and I am going to ask him whether the WCB approves or disapproves of every job down there, whether the board can

veto jobs and the whole business, whether this organization is not entitled to hire anyone without the board's approval and the job classification and so on rests with the WCB. I want to ask the board chairman whether that is the case.

Mr. Chairman: Dr. Elgie, you will have to come forward, if you are going to get involved.

Mr. Philip: Bob, we are missing one today. Would you not like to join us?

Dr. Elgie: No, I have been painted into that corner many times.

To the best of my knowledge and information from staff, if there is to be an increase in the staff increment of the safety association, there would have to be approval from the board.

Mr. Martel: Let me get it clear. If they had that much money, and internally--they have a fairly large turnover of staff, I am told--if they used the same amount of money and they wanted to hire someone who is a specialist in labour problems to deal with the organization called the Ontario Federation of Labour or any other labour, big-L or small-l, if they did not increase the money, they could hire that person without the intervention of the Workers' Compensation Board.

Dr. Elgie: I would have to check with the Occupational Health and Safety Education Authority about that. I do not know the answer to that specifically.

Mr. Martel: Have we got anybody from that authority?

Mr. Elgie: Mr. Bucher is the chairman of the authority.

Mr. Bucher: Would you mind repeating the question?

Mr. Martel: If you had a \$15-million budget, and two or three people quit and you wanted to create a new job that did not add to the budget, would you try to direct how they would spend it--not increasing one cent. Could they hire someone to deal with labour if they wanted to, provided they did not increase the budget?

Mr. Bucher: They do have a \$15-million budget, so we can speak in terms of actual fact. Mr. Findlay is quite correct in positing what he did about approaching for an increase in staff for a labour person, but it should be explained as well that there were vacancies within the IAPA that were not filled. It was the judgement of my colleagues and I that before they hired additional staff, there should be some dedicated movement towards the hiring of labour people.

Mr. Martel: So without any permission from you, if they had wanted to, within the same framework and the same budget, they could have hired someone.

Mr. Bucher: That is absolutely correct.

Mr. Martel: Thank you. You see, my point--

Mr. Findlay: On point of order, Mr. Chairman: If we were to classify a person as a labour specialist, we would have to go to the board and get that

classification approved. Even within our existing establishment, I cannot move a person from one job classification to a new or different job classification without getting approval from OHSEA and the board.

Mr. Bucher: In the process of the classifying or the evaluating of jobs, once they are in the organization, that is absolutely right. But that is not what we are talking about, is it?

Mr. Martel: It is not. If I was really interested in getting the perspective of labour and working with labour, I would want to change some job classifications to make sure I had someone with those specialties, and we are going to deal with that as long as my budget does not--

Mr. Johnston: Could I ask for a clarification of what you just said there? It is my understanding that if a new job classification is created, it has to be by approval of the authority. That is my understanding. Is that not exactly what you asked; that we could not put a guy in to be labour oriented without approval?

Mr. Martel: If you were going to spend more money.

Mr. Johnston: No, with a new job classification.

Mr. Martel: One is saying yes; the other is saying no.

Mr. Johnston: I am just asking for clarification.

Mr. Findlay: If we put a job classification and a title through to the human resources in the board, it would burp out because we do not have that job classification within our approved establishment. I cannot put him in.

Mr. Martel: You are making my point for me. You have nobody dealing with labour. You can play with little semantics all you want, but over the years you have not really moved to involve labour. You do not have anybody to deal with it on a full-time basis.

You are the Industrial Accident Prevention Association, which is to work with labour to reduce accidents, but you have nobody who deals with labour on an ongoing basis. What kind of nonsense is that?

Mr. Gregory: On a point of order, Mr. Chairman: I appreciate what you are trying to do but all I have heard from this dialogue so far is the fact that there is nobody from labour on the committee.

I do not recall having seen anything in the auditor's report that deals with this particular matter. I think this committee should be dealing with the auditor's report; that is what we were called for. You have made your point 100 times; you have said the same thing, Elie. I would like to see somebody get on with the auditor's report.

Mr. Martel: Each point I have made is different, starting this morning. If my friend wants to get on it, they talked about all the involvement and we found that they had two people out of 245 on the board of directors. They have a lot of involvement with trade union people, except the trade union people do not know about it. They have all kinds of concern about labour, but they have nobody on their staff who deals or liaises with labour. In fact, they have a great role with labour in this province. I am saying to you that it is window dressing at best.

To continue, I have a few more questions. You have five women on your board out of 245?

Mr. Findlay: That is correct.

Mr. Martel: They represent 52 per cent of the people in society. You have five out of 245; that is not bad. They are well represented too, as are their interests, but that will change too.

Mr. Harrap: Perhaps we should make the point, Mr. Martel, that one of the women on our board is a past chairman of a district. At one point, she worked in my company; she now works for another influential Canadian company. She is a very accomplished woman. We are very pleased to have her. We are very pleased to have any women who would come forward to be on our board.

The problem is not what our desire is; the problem is there are few who are qualified or willing. We cannot control that.

Mr. Martel: What great qualifications are required? I have no qualifications in occupational health, but I have learned to pick up some of it over the years, rather minutely but none the less I have picked up a bit. What are these great qualifications? I do not even know where it is taught.

Mr. Harrap: You have to represent some district, some class, some association or some manufacturer. You have to understand something about safety through some type of practical experience. That is all that is required.

Mr. Martel: It should not be that difficult to find women who have some ability in that field.

Mr. Harrap: We have women.

Mr. Martel: Yes, five.

Mr. Harrap: I wish we had far more.

Mr. Martel: Who appoints them? The companies?

Mr. Harrap: Districts, classes, companies.

Mr. Martel: So you have a problem there too.

Mr. Chairman: Would you like to jump in on that?

Mr. Findlay: If I may, with respect to women in executive positions in IAPA, at present we have seven directors because of some changes in representation. Within our divisions and sections, we also have 122 women involved as division and section executives, 14 of which are nonmanagerial. By that we mean that they are not in a manager's position. We cannot honestly say they are involved with labour. They may be in the office situation but 14 of those 122 are nonmanagerial.

15:00

Mr. Martel: You said this morning in the report you presented to us that there was \$400,000 in value of your association with that little outfit in Atlanta, is it?

Mr. Harrap: I would be delighted to speak to that.

Mr. Martel: Before you jump in, I asked the auditor whether he could verify in anything he did how we got \$400,000 worth of help from Mr. Bird. He said he could not figure it out. I guess he does not have enough expertise, either. Maybe you could tell us how you arrived at that figure of \$400,000.

Mr. Harrap: Just on a point of order, you said he could not figure it out. The auditor said, "We were advised that the IAPA benefits greatly from its association with this company." I think he figured it out.

Mr. Martel: No. He said that was what you told him.

Mr. Harrap: Let me tell you how you figure it out. I want to be very careful that nothing gets taken out of context here, because this is an important point that shows how IAPA is successful in doing what it is doing.

Frank Bird is an entrepreneur. He is a very clever man. He runs an operation in Atlanta, Georgia, called the International Loss Control Institute. It has the title for North America to a number of safety tools, including the international safety rating system, which I spoke to you about earlier. Through some nimble footwork, Mr. Findlay and Mr. Mackie were able, at the inception of this program to get an exemption from Mr. Bird's entrepreneurship for Ontario. We still have to use Mr. Bird for some things, but we do not pay Mr. Bird the royalties he collects from everybody else in North America but us.

I have described this program, but let me review it briefly. It is a system for systematically evaluating the course of safety and the results of safety in a location--a firm, a plant, a company, whatever. IAPA uses this extensively, and we can document our successes in using it as a tool to get the attention of management and as a tool to work with management to improve its performance.

If we did not spend money with Mr. Bird, we would not have access to this technology. We would not have the right to print these materials freely, which we have obtained under licence from him. We would not have the opportunity to turn this over to all of Ontario. I am not talking just about industries. Anyone in Ontario in the safety business who wants it can have it for a very nominal fee covering the costs of the printing and the materials. If we did not do that, then people would have to go down and negotiate with Frank Bird for a one-up fee for the training in the use of his program, for a one-up fee every time an audit was conducted and for a one-up fee for each of the materials.

We conservatively estimated--and I checked these numbers--that the saving to the users in Ontario is more than \$400,000 each and every year. For that we are paying something on the order of \$20,000 or \$30,000. The balance of the \$82,000 includes materials that we buy directly from him. It includes his personal appearances at our seminar. It includes the annual contract that we have to pay to keep this licence valid. We have an outstandingly good deal for Ontario that, through foresight, Mr. Findlay and Mr. Mackie have arranged.

Frankly, we explained this to the auditors, and they thought it was better that we explain it to you, because it is a little bit complicated, than that they try to write it all out in the report.

As in any other business decision, we want to use the best expertise, where it is available. Mr. Bird's product is the best. We have negotiated a

good deal for Ontario, and I am not ashamed to say I am prepared to spend \$80,000 to save \$400,000. That is just good business.

Mr. Martel: Yes, but what do I have to base my assessment on? We have talked about how there is no real valuation program in the province on occupational health and safety at this time. There is an audit being done about that. Do you have a way of evaluating whether the program is successful?

Mr. Harrap: It is successful.

Mr. Martel: I do not know how you evaluate that. Tell me the criteria you are using.

Mr. Harrap: We will give you 50 phone numbers of 50 satisfied users. We will take you to the National Safety Council, which believes it is successful.

Mr. Martel: Tell me what that has to do with an accident rate that exploded last year and the year before? You can tell me there are employers who are satisfied. I look at the statistics on the number of accidents and that is going up by leaps and bounds. What are you measuring? Maybe you could tell me what you are measuring, because I am measuring the number of people who get hurt in the work place and I am saying the program stinks.

Mr. Harrap: I am very concerned about the people who get hurt in the work place too. Every time anybody gets hurt in my work place, I bleed. I feel very badly about that. Let me ask you a rhetorical question. What would be the accident rate in the work place if we did not have these fine programs in the province? That is the same question.

Mr. Martel: If you had fine programs that involved labour you would reduce the number of accidents. I have been involved a long time in this business. I did a tour in April and May--13 cities--and interviewed at least 250 people.

Mr. McLean: Drive or fly?

Mr. Martel: I drove and flew, whichever was the most convenient and financially secure. I flew to Thunder Bay, but I drove to Windsor because I had to stop in London and Sarnia on the way back.

You might say your program is successful. But I know nobody in the labour movement who thinks it is because they are not involved. You tell me about evaluation. I have another report--if you want, I can look it up--the Workers' Compensation Board is doing an audit. The one thing that was being left out of the audit, which I believe triggered this originally, was a sentence that said you were not going to evaluate the value of whether your program was successful. Tell me how you evaluate whether your program is successful. What tools do you have which tell us whether the program is successful?

Mr. Findlay: We will come back to the five-star program to determine its success. I went out last week to a firm that now has a three-star advanced rating in that five-star program. Over two years, by getting involved in this program--and their union and management are involved--they reduced their compensable claims from 11 to one. They reduced their medical aid from 34 to 17.

Mr. Martel: How many employees?

Mr. Findlay: There are 200 and change.

Mr. Martel: The Occupational Health and Safety Act has been in effect for eight years, and a third of the companies still do not have a health and safety committee. Tell me about your three star, five star, 10 star. You people are the ones where every employer with more than 20 employees is supposed to have a health and safety committee. Tell me why more than one third of plants with a union and two thirds without a union do not have a health and safety committee, if you want to know why there are problems with industrial accidents.

Mr. Harrap: Mr. Martel, you are putting me in the role of a heavy with all these good questions. Let me point out to you that the IAPA is not a policeman. We cannot go to a member company and say, "You must do this or you must do that." That power rests with the Ministry of Labour and with the board. We are not policemen and we cannot do that. We attempt to persuade. We use peer pressure. We get people involved. We educate, but we do not police.

Mr. Martel: Let us get back to Mr. Bird. I asked the auditor this morning about that. No royalties. The fee went up without renegotiation, without a signed agreement, from \$5,000 to \$10,000. Is that usual in business, not myself being a businessman? Is it usual to double the fee without a signed agreement?

Mr. Harrap: Is it usual to expect some cost escalation over 11 years? I think so.

15:10

Mr. Martel: I did not say that. I asked whether it is usual to double the fee without an agreement.

Mr. Harrap: The agreement with Mr. Bird is the agreement that Mr. Bird wants. Mr. Bird has been very rational with us. His charges are not excessive. He came back after eight or nine years and said, "There is an awful lot more cost because of inflation."

Mr. Martel: You are still avoiding an answer.

Mr. Harrap: No, I am not.

Mr. Martel: Sure you are. You are skating all over the place. The question I asked was, is it usual in business to double the fee without an agreement?

Mr. Harrap: It depends on the circumstances.

Mr. Martel: I do not think that usually happens. I am not very used to business. I am just from the boondocks of northern Ontario and I do not get involved in these things. Some might say--no, I will not say what some say.

Who writes the books? I am intrigued by this book, Leadership and Safety. I have talked to some people who tell me a Ms. Robertson wrote Leadership and Safety. Is that right?

Mr. Findlay: She was involved in it.

Mr. Martel: She wrote it.

Mr. Findlay: She did not write it.

Mr. Martel: My understanding is that she wrote it and I can bring proof that she did, if you want it.

Mr. Findlay: You can ask Ms. Robertson. She was involved in the writing along with Mr. Kuhlmann and myself.

Mr. Martel: How much of it did you write?

Mr. Findlay: Approximately 30 per cent of it.

Mr. Martel: My information is that she wrote it.

Mr. Findlay: She co-wrote it.

Mr. Martel: Who sells these? Her name is not on there. I cannot find it. It is Findlay and Kuhlmann.

Mr. Findlay: That is right.

Mr. Martel: Why is Ms. Robertson not on there? She did the writing.

Mr. Findlay: There were other people on the staff who were involved in the compilation of the material.

Mr. Martel: I deal constantly with a couple of people who used to be on your staff. You will be pleased to know that. Everybody around here is saying, "We know it is Mr. Barnes who fed Mr. Martel." That is what you are saying, but it is not the case. In fact, there are people from your staff who could not take it any more and said it was a boondoggle from beginning to end. You know what the word "boondoggle" means. I am told she wrote the book and that very shortly after she wrote it, she disappeared from the scene. Is that correct? Shortly after that book came out, she was no longer involved?

Mr. Philip: I hope you are not suggesting homicide.

Mr. Martel: No. Who gets the royalties?

Mr. Findlay: There are no royalties.

Mr. Martel: When you sell a copy, and I am sure it is a best seller, does the money go back to IAPA?

Mr. Findlay: It does.

Mr. Martel: Who pays for the advertising?

Mr. Findlay: If we advertise, IAPA pays for the advertising.

Mr. Martel: Is there some tie-in with Bird in this too?

Mr. Findlay: Yes, there is.

Mr. Martel: How does the tie-in work with Mr. Bird down in Atlanta and a Canadian publication? You might tell me that. Is that part of what you get your \$400,000 for it? Is that part of the \$400,000 value? We write the books for Mr. Bird and Mr. Bird's--you told me he is an entrepreneur.

Mr. Findlay: Yes, he is.

Mr. Martel: He seems to be doing pretty well.

Mr. Harrap: So are we.

Mr. Martel: I believe it. I look at the accident rates and we are doing well in this province. My God, just think what it would be like if we did not have the IAPA.

Mr. Philip: Did she disappear because she knew too much?

Mr. Martel: Something like that.

Mr. Findlay: She moved to Winnipeg.

Mr. Martel: I know.

I want to talk about your symposium. I have a picture here of your symposium. Is this the international symposium talked about in the auditor's report? There is a symposium on page 33 of the auditor's report that ran \$25,000 in the red. That is great organization. It had 19 paid customers. That is a pretty successful symposium, international in scope, I must say. Was Mr. Bird there?

Mr. Findlay: Mr. Bird was not. That symposium was run in co-operation with the Ministry of Labour. The Ontario Federation of Labour participated in it but did not want to be recognized as one of the sponsors.

Mr. Martel: With 19 people showing up, I do not blame them.

Mr. Findlay: There were people there. It was never intended to be self-sustaining.

Mr. Martel: Who was intended to be there since you had only 19 paid customers? Before you go any further, I am told by my people on the inside of your organization that several busloads of people were taken there from the IAPA offices to fill it up. If I can show you this thing, it says, "An unusual arrangement was used for the IAPA's symposium in the Royal York Hotel's Canadian Room." We are talking about the same one. I am told the photograph was set up that way because of poor attendance. If we are talking about the same one, that is the one for which you went \$25,000 in the hole. Is that the one? I want to make sure I am talking about the same boondoggle. I think Tim Armstrong addressed that.

Mr. Findlay: Yes, and so did some labour people.

Mr. Martel: Who? Tell me who the labour people were then. I want to know how high up in labour you are getting.

Mr. Findlay: Lorne Heard and Ed--he was from New Brunswick. He was the United Steelworkers senior man in New Brunswick, along with--

Mr. Martel: Eddie Levert?

Mr. Findlay: Eddie Levert.

Mr. Martel: He is a friend of mine. I know him. I canvassed for him in 1963 when he ran for the NDP.

Dr. Elgie: Did he lose?

Mr. Martel: Yes, he lost. We keep trying. It is a good job he lost or I would not be here. I ran in the seat in the following election in 1967.

This is the same symposium we are talking about, is it not? You took a couple of busloads of people from your office. Is that right?

Mr. Findlay: No, we did not.

Mr. Martel: My understanding is you did, that you did not have enough people in attendance. You had only 19 paying customers. Would you consider that successful?

Mr. Findlay: We had our research and development staff there. There were some people from the Ministry of Labour, there were some people from labour and there were other government, labour and union officials from other jurisdictions.

Mr. Martel: Lorne Heard left the trade union movement some time ago. He has gone to--

Mr. Findlay: One year.

Mr. Martel: One year, yes. I hear about all these trade unionists. Would you say you had a poor turnout at that conference, a lousy turnout, an awful turnout?

Mr. Harrap: One hundred and thirty-four attended.

Mr. Martel: I know, but as I said, my understanding is that some of them were bused in to try to fill the joint up.

Mr. Harrap: Mr. Martel, I think the point you are approaching, without actually touching it, is whether a seminar, conference or any training effort is really supposed to make money. Your reference seems to be, "You lost money on that." We lose money on some of the things we do. It is done deliberately because we are required to educate. If there are not enough people who want to be educated on a particular subject, we may run it anyway, in order not to deprive those people who need that education of the opportunity. There is nothing wrong with losing money on training if you are achieving the training that is required.

Mr. Martel: If you have no one there, how can you train them?

Mr. Harrap: I did not say no one was there.

Mr. Martel: Virtually. In an international symposium, you have 19 paying customers.

Mr. Harrap: It was 134.

Mr. Martel: How many were brought in? Maybe you can tell me how many went down from the IAPA.

Mr. Harrap: How many were guests who were invited from the various ministries--

Mr. Martel: Surely you want to educate the people in Ontario because that is where the accidents are happening, in our society. We are not talking about somebody from Timbuctoo. We are talking about educating people in Ontario so that we can reduce the injury rate.

Mr. Harrap: The people who were there were from Ontario.

Mr. Martel: Yes, I know. They were there in droves. Do you know what I am talking about? You people get \$15 million, and the people for whom I push when I am in this Legislature get peanuts to teach health and safety. They will get \$1.7 million this year. They get nothing.

If I could give the Windsor Occupational Health and Safety Service an amount equivalent to the \$25,000 you lost, imagine what they could do with it in educating the people in Windsor, or if I could give them just part of the \$134,000 you ran in the red with your other conference. Imagine, after everybody was charged his entrance fee, it still cost \$134,000. If I could give that kind of money to some health clinic that would hire a couple of doctors to test workers to see whether they are getting sick from asbestos, from lead poisoning or from uranium, imagine what we could do to reduce the illnesses. That is what I am talking about.

Mr. Harrap: I am waiting for the question, Mr. Martel. Are you asking me a question?

15:20

Mr. Martel: I am not asking a question. You made the statement that I was looking for something. I am telling you what I am looking for; I am looking for the Workers' Compensation Board to give organized labour an amount equivalent to what you birds get to protect workers, because I do not think you do it. I want \$31 million for organized labour to set up clinics and teach. Last year, via seminars, you reached a grand total of 19,000 people, outside your big boondoggle at the Royal York Hotel.

Mr. Donaldson: I think this is a good opportunity for me, because I may not have it again, although I have a telephone. I understand that.

Mr. Martel, you talk about a couple of people from our staff who visit you regularly and that is fine. Sir, will you help me? Can you and I meet? You have these labour connections and I do not have them. Will you meet with me in, say, three weeks' time? I am serious about this. Everyone wants to leave a mark. It is not personal. Will you meet with me--

Mr. Martel: Yes.

Mr. Donaldson: --and see whether we can set something up? I will invite representatives from the tripartite group to sit with us and see whether we can get some action going in this direction?

Mr. Martel: Yes.

Mr. Donaldson: I am impressed by points you make relative to the worker, because that is where we are coming from. We do not want them injured. I see you as having that bridge, as being the catalyst that is needed. I really would like to sit with you.

Mr. Martel: I am prepared to sit. Again, from my contacts inside, people have been instructed in the past three months that Hansard will not be made available to them, particularly if it pertains to anything Martel says. Were you aware of that?

Mr. Donaldson: As far as I know--

Mr. Martel: I am telling you what people inside tell me the instructions have been.

Mr. Donaldson: As far as I know, Hansard is open and free to the world. I could not condone that situation.

Mr. Findlay: Hansard is in our library and I am not aware that the statement has been made.

Mr. Philip: As a supplementary, it is interesting how history repeats itself. We had a former acting Ombudsman who apparently pulled the same stunt when we were questioning him. The new Ombudsman is completely open and easily accessible and we do not have that kind of problem.

Are you saying that neither the executive nor management has made any such order to cut off the Hansard to employees or to stop the practice of Hansard going in?

Mr. Findlay: That is correct. Hansard is made available in our library to anyone who wants to come in. That statement did not come out of my office.

Mr. Philip: I appreciate that.

Mr. Martel: Let me ask you a couple of questions. I simply tell you what has been reported to me by some people. How many people do you have on your research and development staff?

Mr. Donaldson: Excuse me, Mr. Martel. While Mr. Findlay is totalling that, is it possible that we could set a date three weeks down the road?

Mr. Hennessy: Make it lunch and he will be there.

Mr. Martel: You may as well join me, Mick. We are talking about October 21 or 22.

Mr. Donaldson: I am sorry, I cannot do that. Can we go out the next week?

Mr. Martel: I am speaking to the United Steelworkers in Chaffeys Locks as I foment--.

Mr. Donaldson: That is my home territory.

Mr. Martel: That is where I will be, trying to foment the revolution.

Mr. Donaldson: What date is that? I will go to listen.

Mr. Martel: October 29. I am driving to Chaffeys Locks. They will just send me my travelling instructions.

Interjection: Where are you going, to Bruce?

Mr. Martel: I am going there on the 29th, anyway.

Mr. Johnston: Mr. Chairman, I have sent off to get the exact number from our human resources department.

Mr. Martel: I will leave on the 28th, in the afternoon.

Mr. Donaldson: The 28th.

Mr. Martel: You tell me the time and place.

Mr. Donaldson: I will call you.

Mr. Martel: I guess I want to know how many researchers you have because I know the Construction Safety Association of Ontario puts everything on computer. I asked because Mr. Oldham said on April 26 in the Toronto Star: "We have stemmed the tide of worker injuries and illnesses. We have just overtaken the tide." My, that sounds romantic. If you have somebody up there who believes we have overtaken the injuries and illnesses, stemmed the tide, I would like to know where they got that information. He is your public relations guy. Maybe somebody can tell me how somebody could make such an outlandish statement when our accident rates went up 24 per cent last year and the year before. That is your chief PR fellow. I just go by what you people say. I am a great believer in what you are saying. How can somebody make a such statement to the press and believe it, which is even worse?

Mr. Johnston: When you talk about 24 per cent, are you saying accidents went up 24 per cent?

Mr. Martel: Yes.

Mr. Johnston: Do you take into consideration the increase in the work force--

Mr. Martel: No.

Mr. Johnston: --the lack of work stoppages, etc?

Mr. Martel: The work stoppages were not enough to suit me, to protect themselves. If I were a worker in the work place today, there would be a lot more stoppages--

Mr. Johnston: Work stoppages are considerably down.

Mr. Martel: --or even strikes.

Mr. Johnston: Strikes, whatever you like. They are considerably down compared to what they were, and that makes quite a difference in the number of people working.

Mr. Martel: I measure the number of people who get hurt--accidents.

Mr. Johnston: As we do.

Mr. Martel: If somebody gets hurt, I want to know why. If the accidents go up by 24 per cent, you can say, "We have a few more people in the work place." That is right. However, for somebody to make a statement that we have stemmed the tide, we have now overcome--and you believe that stuff. That is what is crazy about it. Even in the face of a 24 per cent increase, people believe that. It is almost part of the con game.

When do I get so upset? You would be better to say, "Look, we have a real worry, because accidents went up 25 per cent." I would believe you then, more than this story in the media, which says: "Hell, there is nothing. It is nirvana. Happy days are here again. We have cut down the accidents." That is what this says. "We have gotten rid of them."

Mr. Johnston: I cannot quite agree with the choice of the words "stemmed the tide," but I can also say--and I will go back to something you said earlier--without the programs we believe in strongly, that figure would be one heck of a lot higher than it is now. That is a statement of what I believe. I am sure that at this point you believe something different, but I think my belief in this area has as much credibility as yours.

We will not be satisfied until we get them down to far fewer than there are. We have already said this morning that programs are in place that will involve labour more and do all the things you are suggesting we should do.

Mr. Martel: Mr. Oldham goes on to say the following: "The reasons for the accidents are more sophisticated technology, chemical hazards and many young workers on the job." My experience with chemical hazards is that working people cannot get the data sheets. They try to get the data sheets from employers.

Let me tell you an interesting little story. I was in St. Catharines, and there was a set of data sheets that one firm was employing. It withdrew the data sheet and provided a new one. Do you know what was dropped from the original data sheet? "This substance is possibly carcinogenic." They took that out and made a new data sheet for the workers. The original data sheet which said, "This might cause cancer"--I say "might"--was dropped. Is it not wonderful that an industry would try to hide that from workers?

You tell me about the sophisticated technology and the chemical hazards. I can give you chapter and verse of company after company that will not give data sheets to workers.

15:30

Mr. Harrap: That may be so, but speaking from my own experience, in my company we have appointed a chemist who is at the beck and call of employees at all times, including the health and safety committee. We are not a chemical company, we are high-tech company, but we have something in the order of 400 chemicals. That person is made available. His telephone number and paging number are provided on bulletin boards so all employees can have the opportunity to contact him. He has a complete set of data sheets, and it is his responsibility to make sure they are kept up to date.

We have a complete set of data sheets for all the members of the safety committee, in our health services department and on our emergency trucks for the use of our emergency crews, and we have made an open statement that anyone requesting data sheets within the organization will have them freely provided.

One thing that happens is that I myself as a manager take time with our new folks coming in. I sit down and spend some time with them and tell them this is not too subtle an attempt to make them realize management wants them to be safe. One of the things I instruct those folks is never to accept a job, no matter how much training is put into it, if there has not been a directive towards health and safety. I also ask them to help me by asking the question, "What are my considerations in health and safety?"

Data sheets are one of the big things in our company. I am only telling you that because we are not all the same.

Mr. Martel: That is what worries Mr. Donaldson. I do not dispute what you are saying or question what you are telling me about your own company.

What is worrisome is that as I travel, the only place that workers are now getting data sheets, if they cannot get them from the corporation, is through the union involved in the chemical industry, primarily out of Sarnia, or its lawyer here in Toronto. Over and over again, substances are used in the work place, and when workers ask for data sheets, they are not available. There is a series of refusals to give workers data sheets. If the IAPA were doing its job, it would be saying to its industries, "Damn it all, most of those data sheets are available."

In all the travelling we did last spring, the one area of most concern to us was data sheets and the toxic substances workers were confronted by. Industry after industry will say: "We do not have them. We cannot find them. That is classified information." You name the issue and the substance, and they cannot find it or will not provide it.

You wonder why I get uptight. I see a statement like this from Mr. Oldham saying, "The reasons are more sophisticated technology" and so on. If we have more sophisticated technology, one might think we would be reducing the accidents and illnesses. If we are talking about chemical hazards, one might think companies would be straight with the people who work in them, but that has never been the history of this province.

Mr. Harrap: I am not sure if that is a question, but I would like to respond to it.

The company I work for is in the chemical business. We make chemicals. They are my stock in trade. That is what I did for the company. I know from chemicals. For all the products we make or import or offer for sale there is a data sheet, which is freely offered to anyone who wants it. It is sent out with the first shipment. We have a 24-hour telephone number that you can call to ask for information. If you would like to know something about a product which my company makes, you have only to call the telephone number. It is on every container, every shipment and every invoice.

We provide that because we believe in providing this information. However, we cannot police the firms that do not. What you are beating me around the head and ears with is the fact that we do not police, and I have said several times that it is not our mandate to police.

Mr. Martel: Wait a second. Whoa. I know the act too, and you are responsible for the act--management.

Mr. Harrap: Certainly.

Mr. Martel: That is who was given the power under the act. You cannot have it both ways.

Mr. Harrap: That is why our company sends them out. That is why our company provides the information.

Mr. Martel: Would you tell me why so many companies refuse to give it to the workers?

Mr. Harrap: What should IAPA do about that?

Mr. Martel: You might get involved in writing them and saying, "To reduce illnesses in the work place, you have to provide...." Management says data sheets are not available.

Mr. Harrap: We have clearly indicated to our member firms that they should do that, but we cannot make them.

Mr. Martel: I have never seen an ad by the IAPA or the Construction Safety Association of Ontario which says, "If you cannot get a data sheet, contact the Ministry of Labour and it will go and hammer the company in the head."

Mr. Harrap: That is not a bad idea. Thank you.

Mr. Martel: Somebody has to--

Mr. Johnston: Mr. Martel, I hate to leave this, and I realize I am on a little bit of risky ground because I am going to get into a controversy with a politician and I guess you do not expect me to do that.

Mr. Martel: No. Go ahead.

Mr. Johnston: Let me make something clear to you. You have been talking about participation of labour, the programs and so forth, and the many cases of where you have been around the province and things have not been the way you feel they should be.

Our president--and maybe this will be the answer--has made arrangements to give you the opportunity to tell us how you would suggest we go about it. In the meantime, what you are causing to happen here today and to come out is that you are painting IAPA as a body that is not capable of doing the job we are doing; that is, prevention. We have a great number, such as 2,000 to 2,600 volunteer people, who are working to come to the end of trying to reduce accidents.

We feel it is very unfair at this time. My company and many other companies feel it is unfair that you are painting this type of picture. You are generalizing. IAPA is doing a good job--and we can do better--on the things you are talking about. You have gone around the country and not seen half of it.

I can pick--I will not use the word "isolated"--cases where things did not happen. You talk about coming from the labour side. I came up through the foundry industry. The foundry industry is one of the highest-risk areas you can get, and I have seen it happen. I also feel that many of the programs--and there was a foundry industry program put on by IAPA--have greatly benefited in the reduction of accidents. I cannot tell you that it would be much higher

without it, because that is a hypothetical situation, but I know damned well it would be.

Mr. Martel: Let me tell you about foundries.

Mr. Johnston: Fine. Tell me about foundries.

Mr. Martel: We have four or five different people come from different foundries when we travel. They try to get ventilation systems and so on in place and management simply says, "No, we ain't doing it." What do they do then?

Mr. Johnston: Do not say "management."

Mr. Martel: I am talking about management.

Mr. Johnston: Some management.

Mr. Martel: Okay; some management.

Mr. Johnston: The same as some labour says no.

Mr. Martel: No. Just a second. Labour does not have any choice in this.

Mr. Johnston: Our management put in the ventilation system.

Mr. Martel: Yes. But what do we do with those companies that refuse? They are ultimately responsible under the act, are they not?

Mr. Johnston: Right. The act is to take care of that.

Mr. Martel: But the act says it is management's responsibility for Bill 70, not the workers'. The workers do not have any control under Bill 70, except the right to refuse and when they do that, they get fired.

Mr. Johnston: The IAPA put on sessions and seminars on Bill 70. Do you think we are walking away from it when we do that?

Mr. Martel: I talked to some people who took your seminar.

Mr. Johnston: I took it.

Mr. Martel: Maybe you should take the Ontario Federation of Labour one, which is a 30-hour seminar too. It is designed to protect workers and show them how to use Bill 70.

Mr. Johnston: Is it better?

Mr. Martel: Yes.

Mr. Johnston: Who said?

Mr. Martel: The people who took both. Yours is a management-oriented approach, and how one uses the act to protect oneself is not there.

Mr. Johnston: Once again you say the people who took both, and yet in your jaunt across the country, you did not talk to any management people; you talked to labour people.

Mr. Martel: I talked to labour people who took both courses, and they thought yours was totally useless. We had people before us last week. How long is the course you teach?

Mr. Johnston: I do not know. How long is it, Jim?

Mr. Martel: How long?

Mr. Findlay: Safety, Health and the Law is a one-day course. In all our courses we have material with respect to the act. As I told you earlier, we have issued more than 300,000 copies of the act to people who participate in our courses. We have a five-day course that includes information about the act.

Mr. Martel: Okay, let us deal with them both.

Mr. Johnston: Mr. Martel, you have been invited to give your opinion on that, along with our president. What more can we do? We would like to improve if we can.

Mr. Martel: Last week we had the Construction Safety Association of Ontario here. In their 30-hour course they spend two hours on Bill 70. Whoop de do. Two hours on Bill 70. In fact, they told me Bill 70 was not the tool to control accidents in the work place. Check Hansard. It is written there.

Mr. Harrap: I have read it and I have no comment on that. It is not my business.

Mr. Johnston: How many hours do you think we should spend?

Mr. Martel: Labour teaches 30 hours on the act itself, nothing else. How much time do you people spend on it? In a one-day course, how much time is spent on Bill 70?

Mr. Findlay: In the Safety, Health and the Law course all eight hours are spent on Bill 70.

Mr. Martel: Eight hours. The Ontario Federation of Labour, with its limited funds, gives 30 hours. They know the act. One of the problems confronting you people is that first-line supervisors in many companies do not know the first thing about the act.

Mr. Johnston: But in a lot of companies they do.

Mr. Martel: Oh, yes, in a lot; but in a lot they do not, and that is what the confrontation is about out there.

Mr. Johnston: Let us give credit where credit is due.

Mr. Martel: I had a company tell me the act did not work on Saturdays; it did work on holidays. Bill 70 did not apply on Saturdays; it did during the week. That is a company that knows the act well, is it not?

Mr. Harrap: You are getting on one of my hobby horses. Please join me and we will ride together. When this act first came out, it came out in a

great rush and a lot of companies had to jump to figure out what it was they had to get on with. I was in that position, and I arranged, prepared and documented a videotape we used to train all our employees in Ontario on what Bill 70 was about and how to conform with the Occupational Health and Safety Act. We subsequently turned that material over to IAPA for use by any company in Ontario that wished to use it.

I can quote you chapter and verse on the Occupational Health and Safety Act, if you wish, for we had to go through the training process. I rest my case.

Mr. Martel: You are in the consultation business. When your consultants meet with management representatives of one of your member firms, what do you do? Do you have to notify them you are coming in? Are you allowed to inspect without permission?

Mr. Findlay: When our consultant goes into a firm, in some cases we have been denied access; we must use persuasion. We go into the company and try to get it involved in our activities. Having done that, we make two approaches, one to the senior person on site and one to the safety and health committee.

Mr. Martel: But when they refuse you, do you get suspicious that it is a rotten plant, that conditions are atrocious in there?

Mr. Findlay: On some occasions I have gone to the Ministry of Labour and asked for assistance with a plant. Conversely, the Ministry of Labour has come to us--this was before the current type of inspectors--and said, "The inspector was in and advised the company to get to IAPA," and then we have gone in.

Mr. Martel: What system is in place for a worker of your member firms to have regular contact with the IAPA consultant? What provisions are in line? If I have a problem, particularly if I do not belong to a union, what system is in place to ensure that I can get in touch with the consultant and that the problem is going to be looked after?

Mr. Findlay: That has happened. We have had calls from people who are not members of our association. We had the occasion of one who was in west Toronto with an industry that was not covered by a safety association and the union person called. After a contact with him and some other contacts we had a call from one of the companies involved to get IAPA in.

Mr. Martel: When somebody calls your consultant, do you give the name of the worker to the company?

Mr. Findlay: Not necessarily.

Mr. Martel: Not necessarily. But you might on occasion.

Mr. Findlay: With the worker's permission we would. We also say to the worker, "If you contact us directly, we will not name the employee of the company. We will go in and say, 'You have a problem.'" We will not identify the employee unless the employee so allows us.

Mr. Martel: I guess there are not a great many who will allow their name to be used.

Mr. Findlay: There are some, yes.

Mr. Martel: They would have to be mad. They are fired when their names are given, by and large.

Mr. Harrap: Is that an opinion or a statement?

Mr. Martel: That is a statement. I can give you some examples if you like.

Mr. Findlay: People who have called us and then been fired?

Mr. Martel: Yes.

Mr. Harrap: I would love to know that. I do not think that is privileged information, is it?

Mr. Martel: No.

Mr. Harrap: Would you share it with me?

Mr. Martel: Would you look into the case of Mr. Buklis? I think the company is Imperial Oil, and I think they have a five-star rating. He complained about them because there was asbestos in the laboratory all over the floor. When Mr. Buklis saw that his responsibility as the management appointee was to get that asbestos cleaned up, he was out of a job.

Mr. Findlay: Was this in Sarnia?

Mr. Martel: Yes; Sarnia.

Mr. Findlay: He claimed he called IAPA and as result of this call to IAPA he was fired?

Mr. Martel: No. I am making the point that by and large, if your name is advanced in Ontario and the owners find out--

Mr. Harrap: As a result of discussions with IAPA he was fired? Is that what you are saying?

Mr. Martel: No, with anyone. If they go to the Ministry of Labour staff they are fired if their name is known. I am urging you not to give a name at all to any company.

Mr. Harrap: I think Mr. Findlay said if the worker requests confidentiality, his name will never be given. Did Mr. Buklis get fired for consulting an outside authority? Is that the implication?

Mr. Martel: He raised hell and Imperial Oil found all kinds of reasons to fire him.

Mr. Harrap: It had nothing to do with IAPA.

Mr. Martel: No, I am not suggesting that.

Mr. Harrap: I am sorry; I mistook what you were saying.

Mr. Martel: No, I would not mislead you. Heaven help me.

Mr. Findlay: Coming back to the disclosure of a name, when an individual employee calls IAPA, the first thing we ask him in dealing with his employer is, "Do you wish your name kept in confidence, or may we tell the employer who contacted us?" We honour that request. Whichever that person says, we will honour.

Mr. Martel: What worries me is, should you ever give the name? The Ministry of Labour will tell you that for most people in unorganized operations, their call to the ministry is anonymous for fear of dismissal.

Mr. Harrap: Did you say in organized operations?

Mr. Martel: Unorganized.

Mr. Harrap: Are you sure of that distinction?

Mr. Martel: Yes, I am very sure of it. Most of the complaints from the unorganized come via anonymous calls to the Ministry of Labour for fear of dismissal. A former Minister of Labour is in the place; you might want to ask him. That is reality, contrary to what you thought this morning. You might want to check with Bill Wrye. You might check with Jim Armstrong. All you have to do is phone Japan; he is over there.

Mr. McLean: How many people do you get who phone you on occasion to have an inspection of the plant where they work? Is it regular?

15:50

Mr. Findlay: I cannot answer that completely. We can get you some figures because there are four phones they can call. They can call the district office or head office.

Mr. McLean: Would you have statistics over a period of a year, how many calls you would get for people--

Mr. Findlay: We can attempt to get that figure for you, to get as close as we can.

Mr. Martel: Is it high or low?

Mr. Findlay: We cannot answer that at this moment, but we can get the answer.

Mr. Martel: Do your consultants ever meet to discuss health and safety problems which might exist in a member firm with the workers of the firm in question? I do not mean management; I am talking about the workers.

Mr. Findlay: Yes.

Mr. Martel: How frequently?

Mr. Findlay: I can get you a fair estimate because, again, I would have to go back and check all the consultants, look at their activity sheets and discuss it with the district managers to find out in each case whether they did speak to the workers; but they are available to and attempt to make contact with the safety and health committee when they go into a plant.

Mr. Martel: You are going to find out those numbers for Mr. McLean and me. Do you have the research and development people?

Mr. Findlay: Yes, sir, 21.

Mr. Martel: You have 21 R and D people. Their primary role is what?

Mr. Findlay: Forecasting, looking at trends that are happening in occupational safety and health. That 21 includes the clerical staff assigned to that department.

Mr. Martel: What I could do with a staff of 21. I could demoralize you. I do this with a staff of two. Just think what I could do if I had 21.

Mr. McLean: Do they all work out of Toronto?

Mr. Findlay: Yes, they do. They are available to the districts.

Mr. Martel: How much pure research do they do in accidents, causes of accidents and so on? Do they do any of that?

Mr. Findlay: Yes, we are continually looking at causal data.

Mr. Martel: Data. Where do they get the data from that they are reflecting upon?

Mr. Findlay: They get some material from the consultants; some from other agencies and what not, those that can give us that information. We get some of it from international loss control and international safety rating because they have 36 jurisdictions, of which we are one, that are looking continually at accident causal data.

Mr. Martel: Is the major role of the R and D staff to do some writing?

Mr. Findlay: Part of it.

Mr. Martel: Major?

Mr. Findlay: No.

Mr. Martel: What percentage?

Mr. Findlay: In writing technical data and what not? I would say a good percentage of their time is taken in writing up the results of their studies.

Mr. Martel: You must have lots of reports then. I think it was your association--or one of the safety associations--that a number of years ago told me about all the material it had available to it. I wrote back and said, "I can come up to read it." They said, "No." Was that you people?

Mr. Findlay: No.

Mr. Martel: Somebody told me they had all these reports and I invited myself to share the reports with me and they refused.

Mr. Findlay: It was not IAPA.

Mr. Martel: It was not IAPA; I could be wrong.

Mr. Findlay: Our office is at 2 Bloor West.

Mr. Martel: According to my information, much of the time of the research staff is used in writing these books, speeches and articles, that they spend very little time in pure research. They do more churning out of--I would not say propaganda, heaven forbid--material that depicts the IAPA doing a superb job.

Mr. Harrap: Is that a question?

Mr. Martel: That is a question.

Mr. Harrap: My own contact with them was through my activities when I was the chairman of the educational subcommittee of the administrative committee.

We found there was a need for preparation and material on a number of venues. You are familiar with the secondary school accident prevention program, which has been very successful in reaching the schools, contacting the young people in the schools before they get into industry and giving them an awareness of the kinds of things they should be looking for before they accept their first job. That material was all prepared in-house by the research department. It is a very successful program. It reaches--I do not know how many hundred--

Mr. Findlay: It reaches 85,000 students.

Mr. Harrap: There is an annual competition to see who does the best job among the various teams put forward by various schools, to assimilate this information. It is quite a keen competition and they get a small token; the team that wins gets quite a bit of recognition for having done a good job.

We believe that reaching out into the community, outside of the normal four walls of the employer, is an important thing for us to do. This is one way that we have found that we can do it. Another way that I was involved in when we were looking at the education side of things was the opportunity to work with the schools and colleges. We have not been as successful in bringing that forward, but there certainly is an opportunity here, in training outside of the work place so people will be prepared when they get into the work place. It is statistically true and well proven that a number of the accidents that happen in the work place are due to first-time, first-year workers who are not familiar with the work place and who have not had safety training before they got there.

We are attempting to reach that need, first, by making employers aware that they have got to have some safety training coming in and, second, by getting to the young workers while they are still students and training them to be wary not only in the work place but also at home.

I am a great believer in home safety because it does not matter where you get injured, an injury is just as devastating. So the IAPA and I myself are great believers in home safety. A number of the programs that we distribute through the province have to do with safety in the home, and there is not a lot of that material available. Some of that is written by the folks in research and program development. I think it is important to recognize they

are providing the bulletins that the consultants, trainers and people in the offices and shops around the office are using to help the employer to do a better job. That material has to come from somewhere, and that is where it is being written.

Mr. Martel: Let me ask you the obvious. Are we going to reach the kids who are going to be the employees who are the workers in the work place? How much involvement is there by the trade union movement in the preparation of that material? I always worry about the slant on that material. How much involvement in the material is there by working people, the people who work out there? Very little, I suspect.

Mr. Harrap: I think that invitations have been made through the various committees and groups to have people who are willing to participate in this process. You know and I know, Mr. Martel, that it is one thing to issue an invitation and it is another thing to be taken up on it. My opinion is that we could do a lot better if we had more trade union people or labour people, or whatever or however you want to call it, willing to come forward but there seems to be some block on willing participation somewhere in the movement, and I cannot put my finger on that.

Mr. Martel: Part of your problem is that they do not have the money. You people have the money for staffing. Have you ever tried--

Mr. Harrap: We do not pay our volunteers.

Mr. Martel: No, but you get \$31 million--you are the safety organizations--to do some of that research. You have a staff of 21 involved in research and development. I suspect the Ontario Federation of Labour as a whole does not have 21 in research and it represents \$4.8 million. Is it not time that organized labour, which is the one mechanism that could teach the unorganized, got equal funding so they could have the involvement? How is a working person supposed to miss a day's work without salary to go down and participate?

Mr. Harrap: Mr. Chairman, I suggest that it is not the function of IAPA or of this group here to reply to that. We are being taken outside our franchise.

Mr. Martel: Well, you wonder why they cannot get involved. Part of it is pretty obvious. They do not want--

Mr. Harrap: I do not want to reply to a question which is obviously asking for an opinion. I am sorry.

Mr. Martel: I would not want you to put forth an opinion. I mean you have not done it all day, so there is no sense starting now.

16:00

Mr. McLean: If an employee was working in asbestos and felt the environment in which he worked was not safe, what jurisdiction do you have to be involved, if the company is not a member of the Industrial Accident Prevention Association? If that person complains, do you send somebody to investigate?

Mr. Harrap: The first thing we have to say is that all companies in certain industries are members of our association. There is no such thing as voluntary membership. If you work in a certain industry, you belong. It does not mean that particular firm chooses to use the services. The services are provided, they are there, we knock on the door and say, "Would you please?" If he says, "No, thank you," we cannot burst into his factory, knock him down and tell him about it.

Mr. McLean: If an individual has a complaint about the factory he is working in, you cannot go in unless you have acceptance from management?

Mr. Findlay: Are you talking about a company that is not a member of IAPA?

Mr. McLean: I do not know whether it is or not.

Mr. Findlay: As I said earlier, if we get a complaint from an individual, if it is a member company, we get the information from the individual and go out and investigate the complaint in an attempt to get it resolved. We talk to management and hope they will accept the safety and health committee.

Mr. McLean: How would the employee know whether the company was a member of the association?

Mr. Findlay: We ask the employee the name of his employer. We cannot go out unless we know who the employer is. We have to ask him or her who the employer is.

Mr. McLean: Then you would find out whether that company was in your association.

Mr. Findlay: If it was not in the association, depending on the nature of the complaint, as part of our activity, we would probably contact the company and say, "Although you are not a member of IAPA, you have a problem." They do not have to use our service, but we would make them aware of the problem.

Mr. McLean: If he had five employees, he would try to identify the employee who made the complaint.

Mr. Findlay: That may be, but that is the risk we have to run.

Mr. Martel: But should there be a risk?

Mr. Findlay: You talk about the risk to the employee. As Mr. McLean said, if there are five employees, maybe the employer can tell who the complainant is. He might be able to tell by the nature of the complaint, but if we feel it is justified to speak to the company on behalf of the employee, and the employee does not want to be identified, we do the very best we can to make sure there is no identification. However, as Mr. McLean pointed out, the employer may very well know from the nature of the complaint who it is. That is where I talk about the risk.

Mr. Harrap: Mr. Findlay has already said there are cases in which, rather than getting too close on this kind of thing, the staff has been able to contact somebody at the Ministry of Labour and let him take it forward. They have a jurisdiction to walk in and say, "Look here." We do not have the

authority to walk in. We do not have the authority on many of the firms' operations in this province that do not fall within our mandate. We do not have railways, towns or any of the things covered by the other nine associations. If they were pulp and paper, an electric utility or a hospital, we would let them know. It is within our franchise to try to fix it.

Mr. McLean: I wonder whether he would do better to phone the Ministry of Labour. He would get his answer a lot quicker, would he not?

Mr. Martel: Do not count on it.

Mr. Harrap: I do not know. I have never been in that position. I have always been able to deal straight with my employer and say: "You have this problem. Let us fix it."

Mr. McLean: The problem is that there are a lot of employees who do not know where to turn. They do not know whom to phone or how to get the answer to try to clear up what they feel could be harming their health.

Mr. Harrap: We can help them with information, but we cannot take an argumentative position with them against their employer. That is not our franchise.

Mr. Martel: Should not the Ministry of Labour be coming down on industry a lot harder? The fine for a fatality is between \$2,000 and \$5,000, which is almost--I hate to say it--a licence to kill. Last year the average fine for contravention of the act was in the neighbourhood of \$2,000. Should the Ministry of Labour be getting a lot tougher?

Mr. Harrap: I suggest that is a question for Dr. Elgie to answer. --

Mr. Martel: You cannot skate all over, though.

Mr. Harrap: I am not skating. It is not part of my--

Mr. Martel: I am asking you for your opinion as someone involved in a company. If they are violating the act, should the fines be a lot higher?

Mr. Harrap: It is very simple. I work for a company that tries very hard not to violate the act. I have not faced the problem of what the Ministry of Labour should do with that problem, for it is its problem and not mine.

Mr. Martel: You do not have to worry about the Ministry of Labour; it is not very effective. There were 50,000 orders in the industrial accident section last year, which is probably 50,000 violations of the act. They repeated 10 per cent of them, prosecuted 91 and got 50 convictions. Whoop de do. Industry is really frightened of the Ministry of Labour, is it not?

Mr. McLean: It used to be effective when Dr. Elgie was the minister.

Mr. Martel: I am talking about now. Industry is really afraid of the ministry. With those statistics, it is really fearful of the ministry. The average fine is \$2,000. Less than one tenth of one per cent of all the violations are prosecuted. It is like a licence to commit mayhem.

Do you not think it is time the Ministry of Labour got a hell of a lot tougher with people who ignore the act? It is cheaper to ignore the act than to enforce it, and that is the dilemma. Your chances of going to court are one tenth of one per cent.

Mr. Harrap: I am here on behalf of IAPA. You are asking me to comment as a member of IAPA, and I am refusing to do it for the very obvious political reason that I do not wish to be drawn into it.

Mr. Martel: You guys know how to skate.

Interjections.

Mr. Philip: A lot of stickhandling.

Mr. Martel: Gilles Perrault could not even fit in this league with his skill.

Dr. Elgie: The game is not over yet.

Mr. Martel: It is no wonder accidents have not gone down with that sort of thing happening in the work place. Fifty thousand orders are the tip of the iceberg. There are fewer than 200 inspectors. The worst violator is not construction or mining; it is the one you people are responsible for. There are more violations and more difficulties with members of the IAPA than there are in mining or construction. Your record is the worst. You fellows can brag about how good it is, but I want to tell you, it is the worst.

Mr. Harrap: You are very skilled at drawing us out, but I am not going to bite.

Mr. Martel: If you do not want to respond, I am just telling you to look at the statistics. The worst violators of the Occupational Health and Safety Act are companies that come under IAPA.

Mr. Harrap: I suggest you have a right to your opinion and I have mine. I am not going to be drawn out.

Mr. Martel: I am not very swift. I only look at the numbers that are there. They show your association to be the worst violator of the three in the occupational health area. How do you account for that?

Mr. Harrap: There are not three.

Mr. Martel: There are not three?

Mr. Harrap: How many are there?

Mr. Martel: There is the construction section of the act. There is the mining section of the act--

Mr. Harrap: Oh, you are talking about the act. I am sorry.

Mr. Martel: That is right. It is your organization and the people you are responsible for. The most violations come under the IAPA's jurisdiction. The industrial action section is where the highest number is, and I suspect the highest number of repeats is there too, where companies choose to ignore implementing the recommendations of the inspector who visits your plants. How do you account for that?

Mr. Findlay: I might say that under the act, any company that is not in construction or mining is covered by the industrial section of the act, which is more than the membership in IAPA. That is inclusive of anything that is not covered under the other two.

16:10

Mr. Martel: I understand that. I still say you are the ones who have the highest repeat incidents. If you are looking after your business, how can that be the case?

Mr. Harrap: I do not know how to respond. You are giving us a great dose of opinion, but I cannot find the question.

Mr. Martel: I would not come here with my own opinion, because I could be shot down. I am just going by the statistics from the Ministry of Labour; otherwise, you would say I was wrong.

Mr. Harrap: What can we tell you about our programs, what can we tell you about our efforts, what can we tell you about our successes? I do not think we can respond to some of these imponderables you are asking for. I do not know the answer either.

Mr. Martel: But you are the people out there who are responsible. You are the people who say it is working well, and I am saying it is not.

Mr. Harrap: I submit to you that we are responsible for education; we are not responsible for enforcement.

Mr. Martel: Wait a minute. Under the act you are supposed to be teaching health and safety.

Mr. Harrap: Yes.

Mr. Martel: I am saying you do not reach very many people and you have a lot of money to do it with.

Mr. Harrap: That is an opinion, yes.

Mr. Martel: I sat the other day, Saturday, and went through the report from the auditor. It blew my mind how you folks mishandle money: 10,000 baseball caps, 10,000 crests and material that is over--

Mr. Harrap: Would you like me to talk on the subject of the baseball caps and crests, because that obviously weighs heavily and it is an important point.

Mr. Martel: No. It is just an example. Everywhere I looked in the auditor's report--you can go page after page; it is a devastating condemnation of how you blow money.

Mr. Harrap: Let me tell you about the baseball caps, because that obviously is an important point.

Mr. Martel: Then you can tell me about the desk pads next, if you want, and the medicals.

Mr. Harrap: The baseball caps are used as a form of advertising. They are given out at the provincial fork truck and reach truck competitions. The reason for these competitions is to encourage proficiency in the operation of this equipment. Before we started that, there were a number of accidents because people were poorly trained.

We have regional and provincial competitions. At these competitions anyone who competes gets a cap, and he is able to take it home and show the workers in his factory, "Look, I competed in this thing and came second, third, first or whatever."

It is a form of advertising; it is a form of public relations. It gets our name and our purpose in front of the people who can call up and say: "Hey, we need some help. Come and help us." That is the purpose of the baseball caps.

Mr. Findlay: They are also used in the punch press operators' course and the fork truck operators' course. There is some recognition of the fact that these people have taken that course. They can take it back to their plant, and it has a tremendous effect on morale.

Mr. Harrap: If you thought it was a boondoggle, I do not have a baseball cap.

Mr. Martel: Maybe Mr. Findlay will give you one.

Mr. Philip: I have a drawerful of them, and I rarely wear any of them. They are given to me at all these various functions, and they are not worth a damn, because I hardly ever wear any of them.

Mr. Harrap: Maybe you should pass them on. If it is advertising, it has to reach the public.

Mr. Philip: If you are talking about an IAPA one, it is probably the only one I do not have in my collection that is sitting there gathering dust and moss in the--

Mr. Martel: Talk about a boondoggle: 5,000 Christmas cards at a cost of \$2,365. Were they embossed in gold or what? That is almost \$2 a Christmas card. You talk about why I get uptight. If labour only had that kind of money to throw around like a drunken sailor.

Mr. Harrap: Page 29. Excuse me, sir, let us get the facts.

Mr. Martel: I have it here; page 34. "For example, in 1985 the IAPA purchased 5,000 Christmas cards at a cost of \$2,365. Three other companies had also quoted prices for the printing of these cards, all at a price lower...." Had you gone to the lowest bidder, you would have saved \$565.

Mr. Harrap: Can I take one question at a time? I have a very hard time answering two questions at once.

Mr. Martel: It is only one.

Mr. Harrap: The first one is the 5,000 Christmas cards for \$2,300. According to my mathematics, that is 46 cents each. Can you buy Christmas cards on the open market for 46 cents? I do not think you can.

Mr. Martel: Forty-six cents?

Mr. Harrap: Is that right?

Mr. Martel: In volume?

Mr. Harrap: They are printed and enveloped--from this list, certainly.

Mr. Martel: Forty-six cents?

Mr. Philip: Elie, you were not a math teacher.

Mr. Martel: No, I was not a math teacher, but man oh man, even the Premier (Mr. Peterson) would flinch at \$2,300 for 5,000 Christmas cards. When I look at page after page, whether it is things for your desktop and you have 1,600 of them left and the year is almost over, at a fantastic cost, medicals for 16 employees at \$5,000; there is no end. You sell chairs for \$10 each to your employees.

If you want to spend the time tomorrow, we can go through page after page of this document. It is a boondoggle. You have squandered money. You have diaries, 1,116 of them as of August 5, 1986. Did you get rid of the other 1,100 yet? You will have to get rid of them pretty soon. The calendar year is almost over; there are only three months left. What are you going to do with them? Save them for next year?

Mr. Hennessy: Change the date.

Mr. Martel: You have 1,100 left. That is \$5,000. So what is \$5,000? If my friends in the trade union movement or the clinic down here on the Lakeshore that is looking for some funding to prevent itself from going out of business and cannot get any--you can see it on every page. You have briefcases. How much have you spent per briefcase?

Mr. Findlay: Approximately \$37.

Mr. Martel: Whom do you give them to?

Mr. Findlay: Staff.

Mr. Martel: Can they not buy their own? I buy my own briefcase, as a member of the Legislature.

Mr. Findlay: We have them carrying equipment and materials. They have been and continue to be supplied.

Mr. Martel: I continue to buy my own briefcase. My colleagues buy their own briefcases. What is this? Again, you can go through every page.

Mr. Findlay: Some of them are briefcases. Some of them are cases to carry material; they are called briefcases.

Mr. Martel: I know. It is just that on every page there is money thrown around because it is not your own; the government supplies it. I have never heard anybody go after government more than industry. It tells us how terrible we are in government and how we squander money. I want to tell you, this is an example of squandering money.

Mr. Harrap: I submit that I read a letter one time explaining that we had instructed the staff to make some changes. Do I have to read it again to make the point?

Mr. Martel: No. But when I ask you questions about whether other people should have equal amounts of money, you plead the fifth amendment. It is a boondoggle, and every page of this document is a boondoggle of how you people--I only wish my friends in labour had the kind of money you people have, because I want to tell you, health and safety would be in a vastly different situation in this province.

Do you want to adjourn until tomorrow, Mr. Chairman?

Mr. Chairman: Do you have additional questions you wish to ask?

Mr. Martel: I have about four more pages of questions.

Mr. Chairman: Do any other members have any questions at this point?

Do you gentlemen have any problem being here tomorrow morning? We will set aside the time for you if you are able to make it.

We will adjourn until 10 o'clock tomorrow morning. We will see you then.

The committee adjourned at 4:20 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

SAFETY ASSOCIATIONS

TUESDAY, OCTOBER 7, 1986

Morning Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gregory, M. E. C. (Mississauga East PC)

Harris, M. D. (Nipissing PC)

Miller, G. I. (Haldimand-Norfolk L)

Philip, E. T. (Etobicoke NDP).

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Knight, D. S. (Halton-Burlington L) for Mr. G. I. Miller

McKessock, R. (Grey L) for Mr. Epp

McLean, A. K. (Simcoe East PC) for Mr. Gillies

Poirier, J. (Prescott-Russell L) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Industrial Accident Prevention Association of Ontario:

Donaldson, G. F., President; Manager, Loss Prevention and Security,
AEL Microtel Ltd.

Harrap, G., Honorary Treasurer; Director, Distribution, Union Carbide
Canada Ltd.

Findlay, J., Executive Vice-President and General Manager

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

Miskchenko, N. J., Director, Special Assignments Branch

From the Workers' Compensation Board:

Elgie, Dr. R., Chairman

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, October 7, 1986

The committee met at 10:07 a.m. in room 230.

SAFETY ASSOCIATIONS
(continued)

INDUSTRIAL ACCIDENT PREVENTION ASSOCIATION
(continued)

Mr. Chairman: Mr. Donaldson, I gather you have a brief comment you would like to make at the outset.

Mr. Donaldson: Yes. Ron Johnston, who was with us yesterday, has not been able to come with us today. He has had a death in his family, as we said yesterday morning. Also, after we left here last night, he got a phone call to say his mother had fallen and was fairly seriously injured. He took right off for his home; he would like me to apologize to the committee for that.

If I may, I would also like to clear this up before we start. I hope the committee members will not mind if I happen to stand from time to time this morning. I have a disc problem and I was very uncomfortable sitting yesterday. Will that be a problem?

Mr. Chairman: No. Feel free.

Mr. Harrap, I gather you would like to have a couple of minutes to answer some questions that were raised.

Mr. Harrap: Yes, I would. Several points were raised yesterday that I would like to respond to. The first one has to do with the number of people who are working in the research area. Yesterday we gave a bad number; we got it hurriedly and gave too high an estimate.

We have 17 people in total working on research. I will give you a breakdown of what they do. Six people are working in more or less pure research and development of programs, development of written theses. They do the causal research and the writing of the material that is used in the presentations by the field staff. Two people are working specifically on training materials and training courses.

One engineer is involved in health, things to do with exposure to chemicals and stuff like that; also, he is becoming quite expert on the subject of robotics, machine guarding and things that are a little bit specific in that area.

Four people are involved in the library service, and I would like to talk a little more about the library in a minute. One person is involved in audio-visual materials and in the maintenance of audio-visual presentation materials, and one person is in charge of the film library, who arranges all the circulation. We have a number of films that are available at the district level and also films that are sent from head office; so we do not have to have duplicate copies. Then there are two strictly clerical and secretarial people.

I would like to say a couple of things about the library. It is a technical library that sends out information to firms six times a year, indicating the new materials that have been added to the library from whatever source. There are about 1,800 copies of this list sent out each year. The library gets a request for information. It has about 1,400 requests for individual data and about 1,465 requests for reprints of articles for a total of 2,800 requests for information to be mailed. In addition, it has inquiries where there is not strictly a request for information but more a question. About 10 per cent of the material sent out is sent directly to workers and not to management; so we are serving a mixed community.

We also run exchanges between the IAPA library and other sources. There are just under 1,000 exchanges of information every year, either getting information from someplace else or sending our information off to other people.

To answer the question Mr. McLean had yesterday on the statistics on calls, there are about 195 in a 12-month period, not counting the library calls. Those are calls that are coming in to us for information. When a call comes in from a worker, it depends on what he asks, but the routine would be to try to determine what venue the call is in respect of. If it is clearly a Ministry of Labour item, then the person would be given the Ministry of Labour phone and perhaps a name to speak to. If it was somebody who was calling for a different jurisdiction from our own, he would be given the number of that safety association and a reference of whom to speak to there.

If it is something that is clearly in our venue, we would dispatch a staff member, a consultant or a visitor to go out and look around. We would instruct the visitor to be very discreet in how that subject is brought up and maybe not refer to it directly. If, in the course of the visit, the staff member finds something seriously wrong, he would quietly go out and call in the Ministry of Labour and say: "Look, there is a problem here. Why not come over and look at it." We try to be quite discreet in not revealing the source of information or why we were called.

As far as the courses are concerned, we have some statistics on the number of people attending. It appears that of the 19,340 people who attended courses, 34 per cent were nonsupervisory, which is perhaps an indication of the community we are trying to serve. We had a question about the people who were involved in the programs of IAPA who were not from management. We have one addition to make. We have a division chairman, Mike Willis, a nonmanagement representative. He works for Herculock. Jim will have to tell us the community.

Mr. Findlay: It is Niagara Falls.

Mr. Harrap: Mr. Martel had a question about the number of times a consultant will meet with a worker without meeting directly with management. There are two pieces to the answer. The first is that our consultants meet with the health and safety committee members without a separate management representative. We have estimated, from talking to the district managers, that that would happen 650 times a year. That is a ball-park number; it is not a precise number.

In addition, the firm has a contact. We ask each firm to nominate a person to be its contact; in 150 cases, we have a firm contact who is not a management representative. That gives a measure of the people we are trying to work with.

Those are the questions that were left over from yesterday for which we said we would try to get an answer.

Mr. Martel: I reviewed my list of questions last night and I must say I left out 18 or 20 I wanted to raise.

You talked a great deal yesterday about your five-star program. Can you tell me how many companies you represent? How many firms are in your association?

Mr. Harrap: How many firms?

Mr. Martel: Yes, in total.

Mr. Harrap: Approximately 56,000. Is that close?

Mr. Findlay: There are 56,000.

Mr. Martel: Yesterday you talked about your five-star program. That is the password I always hear, that you have a great program. How many companies of the five-star program have reached that great milestone of becoming five star?

Mr. Harrap: How many people use the five-star program? Is that what you are asking?

Mr. Martel: How many firms--

Mr. Findlay: Are involved in the five-star program?

Mr. Martel: Yes.

Mr. Findlay: There are 676.

Mr. Martel: You have to forgive me for my ignorance, but do they work up the ladder? Do they start with one star and, as they get better, get two stars? Is it like a five-star general? Do you eventually reach the top?

Mr. Harrap: No. I do not think that is the way it works at all. It is like going through an appraisal to see what grade you should be in at school. You take an examination to see how good you are at things. You might go straight into grade 5 or you might be in grade 2 until you improve your performance a little bit. It is not like working through the chairs at all; it is more like an examination to see how proficient you are and then you go on from there.

Mr. Martel: If my mathematics are correct--and you have to forgive me; I am awful at mathematics--it is about one eightieth. You have 676 companies that are somewhere in the program and have achieved a certain level. I hear about the five-star program. There are 676 out of 56,000 in the program?

Mr. Findlay: Out of 2,000. There are only 2,000 companies that employ a sufficient number of employees to get involved in a five-star program. We look after every service station, every mom-and-pop store within the number we gave you. It is not a practical program for them to be involved in.

Mr. Martel: What is the level at which you say one becomes involved? How many employees do you have to have?

Mr. Findlay: We recommend they get involved with probably 50 or more employees.

Mr. Martel: There are more than 2,000 companies in this province with 50 employees. You are responsible for hospitals. Am I right?

Mr. Harrap: No.

Mr. Martel: School boards?

Mr. Harrap: No.

Mr. Martel: What then?

Mr. Harrap: There are nine classes.

Mr. Martel: I know.

Mr. Findlay: I gave you the figure of 676 as the number of companies enrolled in 1985. Since the start, we have had 1,150 companies involved in the five-star program. There are 5,000 firms with 50 or more employees.

Mr. Martel: It is not 2,000; it is 5,000. You have roughly 20 per cent.

Mr. Harrap: That sounds right.

Mr. Martel: How long has it been in operation?

Mr. Harrap: The program is 11 years old, but we have had it for--

Mr. Findlay: Since 1972.

Mr. Martel: Did you get it from our friend Bird in the United States?

Mr. Harrap: We work directly with the people who developed it, but we also talk to Mr. Bird. He has the rest of the contracts. He has the franchise.

Mr. Martel: We got the franchise.

Mr. Findlay: It was 1980 and 1981 when we started into the program.

10:20

Mr. Martel: We have 20 per cent roughly, give or take, in the five-star program. We are not doing very well there either, are we?

Mr. Harrap: We would always like to do better. There is no question about that.

Mr. Martel: The whole problem of occupational health is that the bill came in in 1978, eight years ago, and you have 20 per cent of the firms that are really serious, maybe more. One third of organized companies still do

not have a health and safety committee and, according to OPSEU, two thirds of unorganized plants still fail to have a health and safety committee.

Mr. Harrap: I cannot challenge those numbers.

Mr. Martel: Those are the figures I am given. I am going by the figures I have received from various people. We really have not gone very far, having had this bill in place for eight years, looking at what you are doing. I wonder how many people take occupational health and safety seriously. I mean really seriously. I have listened to Mr. Donaldson. I believe he is sincere. I have listened to other people.

I wonder whether we as a whole, as a society across Ontario, have really taken it seriously yet or whether the cost has to become so high that it will force management to move. Is that what they are waiting for; that the cost becomes so exorbitant that they have no choice? They are not getting in for humanitarian reasons. Many are getting in because it is going to save them money. The humanitarian aspect is for the birds. What is it going to take to drive the message home?

Mr. Harrap: I have difficulty when you make statements such as that because I do not know the basis on which you are making the measurement. I have no way of challenging it.

Mr. Martel: By the number of people under the act who still do not have a health and safety committee and by the increasing number of accidents. Sure, there are always going to be accidents, but do not tell me some cannot be avoided. I look at that rising toll of injured people and the reluctance, at least to the people who come to see me and, as I say, when I did my tour in May--250 people. If I had the \$150,000 to organize the tour that IAPA had to spend last year just to organize its convention--and we will come to that in a few moments--I could have had 5,000 briefs.

If I had \$150,000 to throw around to organize one convention, imagine what I could have done with \$150,000 to organize the tour. The number of briefs would have been astronomical; it would have been breathtaking. I could not have coped with it. In fact, I have not been able to follow up these cases with the Minister of Labour (Mr. Wrye) for lack of staff. That is why I make the statements I make. Let us move on.

To this time in history, in final decision-making of your association, I think it is safe to say labour has had no involvement whatsoever in final decisions, absolutely none. Is it safe to assume that?

Mr. Harrap: No, I do not think it is.

Mr. Martel: Maybe you can give me an example where they have had some say.

Mr. Harrap: We discussed a number of times yesterday the overtures we have made towards labour and the opportunities that have been provided towards labour. I do not think we want to go over that ground again. If there is a new question, we would be pleased to deal with it.

Mr. Martel: I am trying to find out, as I wrap up, how much input labour has had in the final decision. I suggest to you it is zero. The same would apply to women. I heard yesterday you did not have enough women. There

are 2,135,000, women in the work force today in Ontario, and you could not find any with skills--maybe five. That is because companies have not appointed women. It is not that there are not responsible, intelligent, educated, capable women. In fact, management, as it has with labour, has not seen the role of women.

Mr. Harrap: What I recall saying yesterday--and I will be pleased to say it again--is that I believe the first and most important place where safety takes place is on the floor of the shop in the plant, in the work place.

Mr. Martel: Provided the workers have control of it.

Mr. Harrap: Provided the workers have an opportunity to come forward and say things, which is given by the act, and provided the workers are willing to do so. That depends on the direction they get from management and from organized labour on whether that is appropriate. I believe we have to win the campaign on the floor of the shop, and that is what we are trying to do.

Mr. Martel: Your campaign is in the wrong direction. With 2,135,000 women in the province, you have five involved. Managements of companies have decided that women, to this time in history, do not have enough ability to represent them at IAPA.

Mr. Harrap: The information that was given yesterday was that we have a great deal more than five women involved.

Mr. Martel: On the board of directors you have--

Mr. Harrap: I am not saying the board of directors; I am saying in our program in total. We have a great deal more than that.

Mr. Martel: I am talking about the board of directors, where the final decisions are supposed to be made. Out of 245, you have five women involved and two from labour. The rest are male-dominated from management. Cut it any way you want, that is it in the final analysis.

How many owners get hurt in the work place; or is it the workers? You can tell me. Are they the owners or the workers?

Mr. Harrap: I can tell you about my own experience.

Mr. Martel: Are they the owners or the workers, by and large?

Mr. Harrap: I can tell you about my own experience. I have been hurt in the work place. I have been exposed in the work place. I have worked in the work place for a living and I know what it is like. That is the arena in which you have to make the gains.

Mr. Martel: I am saying to you that most if not all of the decisions are made by the people who are nice and secure. The people who are at risk, the workers, have no input. When management learns that lesson, maybe it will get shaken loose from its managerial right concept that since it runs the plant, it is the one with all the grey matter that makes these decisions. The reality is that the people who are getting hurt have no say in your organization and in the work place.

Mr. Harrap: I am sorry. I do not share that opinion. The company I work for gives responsibility to the supervisors and to the workers for safety

in the work place. I cannot talk about the companies which you have knowledge of. I do not work for them.

Mr. Martel: Tell me why there were 50,000 orders issued with 10 or 15 per cent repeated last year and yet we have only 200 inspectors. There were more accidents in Ontario in the work place than there were on the highways, where we have 15,000 or 20,000 policemen. We have a lousy 200 inspectors where the accident rate is four or five times higher than that which occurs on the highways.

Mr. Harrap: I am sorry. That has nothing to do with IAPA, and I cannot comment on--

Mr. Martel: You cannot have it both ways. When it is convenient, you back off and say, "That is the Minister of Labour's responsibility." When I say, "Workers do not have a say in the work place," you say, "They do," but they do not. You tell me they have it in the work place, and I am telling you they do not.

One has only to look at the number of orders issued last year, 50,000, which is probably just the tip of the iceberg if we had enough inspectors. You say, "No, that is out of our realm." Your realm is that your association is made up of the very same people who oppose the act because a third of organized labour--it is about two thirds in unorganized plants--does not yet have health and safety committees. You cannot have it both ways. Who is responsible for the committees in the work place under the act?

Mr. Harrap: You know the answer. You answer that question.

Mr. Martel: That is right: Management. Who is preventing this from occurring? The same people. You cannot have it both ways, and yet you want it both ways. That is the argument I am trying to make. Until you people wake up to it--

Mr. Harrap: I understand your opinion, and I have a different opinion.

Mr. Martel: You understand the act too. You might have a different opinion, but you understand the act.

Mr. Harrap: Certainly.

Mr. Martel: The act says management is responsible for having health and safety committees.

Mr. Harrap: What does this have to do with IAPA?

Mr. Martel: All these companies I am talking about are part of your association, and you are supposed to be educating them with the \$15 million you get, much of which has been squandered.

Mr. Harrap: We do educate them, but we cannot regulate them. I have made that point.

10:30

Mr. Martel: In six years, out of 5,000 firms that are big enough, you have 20 per cent in your five-star program. That does not include the

others. How many firms in total are under your association? The figure is 56,000. You have 20 per cent in the five-star program. In the smaller companies, where the real problems are, where it is a real sweatshop operation for workers--just look at the statistics--it is going like that. It is the companies you people represent, not me.

Mr. Harrap: We are quite proud of the achievements that IAPA has made, and we are not going to back away from that position.

Mr. Martel: I do not blame you, because there is not much farther you can back up.

I want to get a couple of things clear, because I left them too quickly yesterday. Do the royalties on any books you sell go back to your association?

Mr. Harrap: That is correct.

Mr. Martel: Who does the printing?

Mr. Findlay: Those are printed by the International Loss Control Institute.

Mr. Martel: In Atlanta.

Mr. Findlay: In Atlanta.

Mr. Martel: There is nobody here who can or will print them?

Mr. Findlay: There probably would be, but under the contractual arrangement we have with them, they print it.

Mr. Martel: This is Canada. That is government money. What are we doing spending it in the United States? Why do we not create new jobs in Canada to print some, with government funds?

Mr. Findlay: If the quantities warrant, we can print them here under the contract we have.

Mr. Martel: What is the bottom line we start at to print them?

Mr. Harrap: Maybe I can speak to that. The printing business is one I do not understand, but I do understand one thing about it: If you print a book in Canada, there are some problems with it being sold in the US. If you print a book in the US, some of the same problems do not occur. That has nothing to do with safety or with the associations. That is the way the government regulates printing, and there is nothing we can do about it.

To get a sufficient quantity printed to be economical, the book is sold both in Canada and in the US, and there are countervailing duties on taking books from Canada into the US. That is why they are printed there.

Mr. Martel: What we need is a little shakes and shingles policy. Brian will look after us with that. It is crazy to be spending--

Mr. Hennessy: Ed can look after it too.

Mr. Martel: Pardon?

Mr. Hennessy: Ed. You know Ed.

Mr. Martel: Yes, I know him. It is crazy, though, is it not, using government money to have books that are written in Canada printed in the US?

Mr. Hennessy: Ask them, not me.

Mr. Martel: You guys were the government for a long time.

We should look into the possibility of severing the relationship with our friends in Atlanta. Has it gone to tender in Canada? Has anybody else been consulted in trying to get that book printed and distributed here in Canada? I wonder whether the auditor can look into that for us, or is that beyond his mandate?

Mr. Archer: If you request it, we can certainly look into it.

Mr. Martel: I would like to know why we cannot get these books printed in Canada. I re-read your report last night, and the more I read about our friend Bird in the US, the more I think it is a boondoggle.

Mr. Harrap: Mr. Martel, before you leave the point of the books, Mr. Findlay has some additional information you will be glad to hear.

Mr. Findlay: First of all, the recovery from the sale of that product in 1985 was \$6,000.

IAPA had firm savings of \$27,000 on 11,288 copies of the Management Guide to Loss Control, which we printed in Canada; and we have it in French.

IAPA five-star rights gave us the following savings: In 1985, we had initial enrolment of 157 companies, for savings of \$49,000 to those companies, and renewal enrolment of 519 companies, for \$164,000 in savings to those companies.

The external audits we do were 40 in 1985, for \$120,000 in savings to the companies.

We conduct the same audit course in Canada that they do in the US; there were 97 companies involved in that, and that saved them \$61,000.

The three-day audit course saved \$40,000.

In 1985, with that investment, we actually saved our member companies \$467,000.

Mr. Harrap: I am concerned that we are talking about severing a relationship that reduces our expenses by some \$400,000.

Mr. Martel: I listened to all of that and it really does not mean much to me. You wrote the book. Is that right?

Interjection: Not that book.

Mr. Martel: It says Frank E. Bird and Robert G. Loftus. Loftus used to be a general manager or something at IAPA.

Interjection: He was.

Mr. Martel: If we wrote the book or helped to author the book and if we have 200 staff, where do the cost savings come in? If you people are authoring this stuff, how is it that our friend Bird in the US can come in and offer it so much cheaper than we can?

Mr. Findlay: He does not offer it cheaper than we do.

Mr. Martel: But he saves money for you. You just told me it is \$480,000, just like that, in one year.

Mr. Harrap: The \$480,000 is money we do not have to pay to Mr. Bird because we have a franchise. You cannot go in the McDonald's golden arches business without a licence. We have a licence that bypasses Mr. Bird. I thought I explained that very carefully.

Mr. Martel: I am dense. You have to do these things slowly with me.

Mr. Harrap: I am sorry.

Mr. Martel: You print the book and write the book, and you tell me that our friend Bird in the US is the guy who can do it, that you have to do it through him and that he saves your member companies some \$400,000. I have a difficulty. If you write the book and have the expertise, I want to know why Mr. Loftus or somebody from your staff does not teach the course. Of the 200 and how many you have, why can they not offer it in Canada?

Mr. Harrap: I do not understand your point. Will you bring that to a question so I can answer it?

Mr. Martel: I cannot understand why you say we cannot offer the same program here in Canada, ignoring Mr. Bird and his cohorts.

Mr. Harrap: This Loss Control Management guide is a book that was written in Canada. Mr. Bird thinks it is so excellent that he uses it and pays us for the use of it. You are mixing up the international safety rating system program, which saves \$400,000--we have been through that three times--and the book, which was written in Canada and which Mr. Bird thinks is wonderful and uses. What is the connection between the two?

Mr. Martel: You people write the book and offer the program. I think you said that when you offer the program to your various companies or people in your association, you offer them a three-day course and because of this you save money. Am I right?

Mr. Findlay: That is correct.

Mr. Martel: You tell me why you think Mr. Bird is saving you \$400,000 when you developed the program here.

Mr. Harrap: You are mixing up two completely different things. Here is a book over here, Mr. Martel, which is an authoritative book on safety.

Mr. Martel: Right.

Mr. Harrap: Here is another program over here called an audit, which is a way of measuring safety performance. There is no connection between the two.

Mr. Martel: Right.

Mr. Harrap: We write the book here and we sell the book here. Mr. Bird sells the book and he loves it. This program over here is copyright. Nobody can use it without paying the copyright. We are a copyright holder. We are allowed to use it because we got there first. Mr. Bird has the rest of Canada captive, but he does not have us captive because we got there first.

There is no reason in the world you have to look at this book, which we make royalties on, and this program, which was developed somewhere else in the world, and mix them up.

Mr. Martel: I am sorry. I cannot put the two together, because if you are writing the book and the program is adopted from this book--is it not?

Mr. Harrap: Which program?

Mr. Martel: The type of program you offer.

Mr. Harrap: That is only one of a number of programs.

Mr. Martel: I have difficulty putting my head around this \$480,000 figure you keep throwing around. Maybe you see it in simple terms; I do not. I think you are snowing me, because I cannot put my head around it. I asked the auditor's staff yesterday whether they could figure out this \$400,000 and they cannot either. They must be pretty dumb too. They are in my category.

Mr. Harrap: It has been quoted this morning and it will be in Hansard. If you cannot follow what is in Hansard, we will be pleased to meet with you and discuss it.

The Acting Chairman (Mr. Knight): Mr. Martel, sometimes teachers make poor students.

Mr. Martel: That is right, and I must have fallen in the class, but I asked the Provincial Auditor's staff yesterday whether they could understand how the savings came about and they must be as obtuse as I am, because they cannot understand it. Maybe somebody can explain it.

Mr. Archer: Perhaps I might comment on that. During the audit, we did not attempt to get a figure on how much they felt this arrangement was worth to the association, other than that they felt it was very worth while. The figure of \$482,000 came up yesterday. We are prepared to go back to the association and try to get the background for that figure.

Mr. Martel: In language I can understand.

Mr. Archer: Right.

Mr. Martel: Thank you. I have a few more questions here.

10:40

The Acting Chairman: Mr. Martel, are you finished with your questions?

Mr. Martel: No. I am just looking. There are a few I want to turn back to in this book. I went through it again last night, and it was really creative. I look at pages 11 and 12, to help you follow along. The last sentence of the last paragraph says, 'We noted that in 1985 he claimed for one

or more business meals on 193 out of the approximately 235 days." My God, he was busy. He must have been wining and dining someone every day except 42 days, at a cost of \$6,000. They wined and dined someone for lunch 193 days out of a possible 235 days. I ask you: Is that not extravagant?

Mr. Harrap: Let me speak to the question. I am sure if you look at it out of context, almost anything would look extravagant. This gentleman's job is to determine from his sources the kinds of things we should be doing in the area of the media. The media are a great deal more than the press, as you know; many such things as graphic artists, production, advertising and printing are involved.

It is an opportunity to deal with the whole subject of promotion, to try to find out how better to get the IAPA message in front of the public and in front of those people who are important in decision-making. That requires a great deal of consultation and discussion. I am afraid the custom in this industry is to do it over lunch. If you want to get to people, you have to take them out for lunch or out to supper or out for a drink.

If you look at the number of events and the cost, you will see it comes down to something relatively modest. Let me give you a number, just to show we are paying attention. It is about \$31 per meeting. When you put it in the context of getting two, three or four people together to try to come to a decision on a subject--it might be what is the best way for IAPA to arrange publicity and so on--it may not seem as extravagant as you believe.

Mr. Martel: Imagine what it would be like if you were trying to run the government. My God.

Mr. Harrap: I would not know where to start.

Mr. Martel: You have only 200 employees. You make this sound as though--you put General Motors or Chrysler of Canada to shame. You are meeting every day; there are important decisions every day of the week. God help us if you had 10,000 employees. You would not have a budget big enough to make all the decisions that have to be made. Aside from 35 or 40 days a year, you are out every day with these important decisions on graphics. Come on.

Mr. Harrap: We are not out every day. You have picked out one individual who happens to do that.

Mr. Martel: I could go through a whole series. The next one I want to go through is the \$2,900 worth of chits at the bar.

Mr. Philip: If this guy went on a diet, you would not get any business done by him.

Mr. Martel: For room service, restaurant and bar charges, it is \$2,900 for one little function. I mean, \$2,900 is a hell of a lot of booze.

Mr. Harrap: Where are you?

Mr. Martel: On page 22. For example, the 1985 annual conference room service, restaurant and bar charges totalled \$2,900. You could have bought half of Molson Breweries for that.

Mr. Findlay: All right, let me tell you. Those charges are the hotel charges of this organization for five days of conference activity. It

includes, for the directors, two receptions on Sunday. On Monday, we had two receptions for the annual banquet, and the same on Tuesday. We had an international breakfast on Wednesday. For that particular conference, we had the international symposium on the Thursday.

There was \$1,800 charged to this association for those receptions. Of that, \$524 was charged for breakfasts, dinners or lunches for 26 staff people who could not attend the staff breakfasts that were assigned to them, or luncheons or dinners, because of activities germane to the conference.

One of our volunteer officers had a bill of \$335. His position at that time was honorary treasurer. The balance was in telephone bills for \$230, for the \$2,900.

Mr. Martel: Sure, but several thousand is for hospitality. The booze flowed like Niagara Falls. You have to admit it. You had two receptions--

Mr. Findlay: At those receptions, there could be anywhere from 200 to 400 people, who were the people at the conference.

Mr. Martel: Right; \$2,900, though. Count it any way you want. Money is no object to this association. If you want to turn to the next one--

Mr. Harrap: Just a minute, sir. I question the statement that "the booze flowed like Niagara Falls." Were you there?

Mr. Martel: No.

Mr. Harrap: Oh, fine. Thank you.

Mr. Martel: I know what booze costs and I know what you buy--

The Acting Chairman: You probably saved money by not having him there.

Mr. Martel: Take a look at the Park Plaza. Go to page 26. Hotel Plaza II, \$5,644. What is that for?

Mr. Philip: I have seen Elie drinking. I assure you he knows what he is talking about.

Mr. Martel: There are three restaurant bills; meals incurred by the association, \$5,644.

Mr. Findlay: They are not for meals. They are also for meetings, room charges for meetings of committees, etc., in the Hotel Plaza II.

Mr. Philip: When you have your annual conference, do you tender which hotel you are going to hold it in? What stages do you go through to ensure that you get the best price, since conventions are highly competitive enterprises. Indeed, a lot of hotels are actively competing for that business.

Mr. Harrap: That is a good point. There are a lot of hotels that compete a lot for conventions, meetings and so on in the range of 100, 200, 500 and 1,000 people. The problem we have is we have 8,000 people and we have to feed them 2,000 or 3,000 at a time. There are not many places in this town that can do it. This city is very well set up to do a lot of things, but the people who can tender the kind of service we need for the annual conference,

because of its size, is very limited. We have to fix the date several years in advance; so it is not a question of coming in at the last minute with bids; it is a question of doing the planning five years out.

We have talked to other hotels, other than the one we used, about the possibility of their doing it, and for various reasons they are unable to. I do not believe it is a question of us being gouged by the hotel. You know who it is. I do not think they are taking the IAPA for a ride. In fact, they are very interested in our cause and speak very highly of safety in their own establishment. I do not think we are wasting money doing what we are doing.

Mr. Martel: It goes to tender and you ignore the tenders, or did you even tender?

Mr. Harrap: What page are you on?

Mr. Martel: I am on page 27.

Mr. Harrap: Yes, sir.

Mr. Martel: No, pardon me. Wait a minute. It is in two parts.

Mr. Harrap: Page 27 is the cost of the conference.

Mr. Martel: Yes. Before we go to the hotel, let me just talk about the conference for a moment, because it blows my mind too. The cost of the conference was \$134,000.

Mr. Harrap: No, it was not.

Mr. Martel: It says here, "Net cost of annual conference, \$134,000."

Mr. Harrap: That is net cost.

Mr. Martel: The cost was \$406,000, less recoveries, \$272,000; net cost of the 1985 annual conference, \$134,000. Is that right?

Mr. Harrap: The cost of the conference was \$332,000. It says there that that is what it cost.

Mr. Martel: Right.

10:50

Mr. Harrap: The related expenses not charged to the conference are perhaps for the preparations for it, some of the publicity not directly related to it. I do not quarrel with the \$406,000.

Mr. Martel: Half a million dollars for a conference and you do not quarrel with it?

Mr. Harrap: Have you been there?

Mr. Martel: No. I have read all about it.

Mr. Harrap: Let us give you an invitation to come next year. It would be very good for you.

Mr. Martel: Do not. When you get to a conference of 8,000 people--I attended one in New Orleans. By the way, I paid my wife's way this summer.

Interjection: I hope so.

Mr. Martel: There were 7,000 delegates, and you just got lost. It was a great conference, well organized. I could have missed the whole conference and no one would have known I was not even there. There were so many things going on that there were too many things going on.

It is \$134,000, half a million. As I look at this statement by the auditor, he says they estimated that the cost for organizing your staff was another \$150,000.

Interjection.

Mr. Martel: Look down below: "It should be noted that these costs do not include the cost of staff time in organizing and running the conference." It was \$406,000, which you admitted to. In addition, the auditor says probably another \$150,000. You are looking at one conference for more than half a million dollars. If my friends in the clinics--

Mr. Harrap: Would you like me to talk about the conference, sir, or--

Mr. Martel: No. I have read the pamphlet. My God, the pamphlet must have taken a year to put together, and I have read all about it. I have a copy of the pamphlet. I am saying that when it comes to health and safety, you can blow \$550,000 on a one-week conference.

If the friends I have out there who are trying to get health and safety to be meaningful--the Windsor occupational health and safety group, the London group, the Lakeshore group, the clinic in Hamilton--had the kind of money you burned in a week--

Mr. Harrap: We do not burn it.

Mr. Martel: When you can put out \$550,000, roughly, for a week's conference, you have far too much money.

Mr. Harrap: Let us set the record straight, Mr. Martel. We have a conference because that is the way to reach people and to teach people. You can do all of this that you want; that is the function of the conference.

Mr. Martel: Who are you kidding? Conferences are great times. Everybody goes to a conference to have a hell of a good time.

Mr. Harrap: No, sir.

Mr. Martel: The amount you get out of any conference--look, I have been to a hell of a lot of conferences too.

Mr. Harrap: I will never go to the ones you go to, because that is not the function. The function of the conference is to teach, to train, to meet, to communicate new ideas.

Mr. Martel: Yes, right. You might go into the work place and spend some of the \$550,000.

Mr. Harrap: Mr. Chairman, may I speak?

Mr. Martel: God help you--\$550,000 for a week-long conference.

Mr. Harrap: Thank you. The purpose of the conference is to teach, to train, to bring people together--

Mr. Martel: Boondoggle.

Mr. Harrap: --to make contact, to do the things that cannot be done in the field in any other way. If you look at the fact that the people who go there pay their way, if you look at the fact that we can raise those fees to make it more difficult for the people to go and show a net return on the conference--but all we are doing is trading money from one pocket to another, because the money, in the long run, is being used to teach and train, to fulfil our mandate, which is safety education. I do not want to hear about boondoggles and conferences. That is irrelevant.

Mr. Martel: You might want to go around the province and into the work place to educate the people who, because the workers--

Mr. Harrap: That is exactly what we do.

Mr. Martel: Baloney. How many are from labour?

Mr. McLean: Mr. Chairman, on a point of order: In this meeting I do not want to sit here and listen to an inimical debate. I hate seeing somebody cut in when somebody is speaking. It is ignorant, and I do not think it should take place. I am here to listen and I have some questions I want to ask when I get a chance.

Mr. Chairman: I ask Mr. Martel, perhaps in the interests of fairness for other members of the committee who might want to ask questions--

Mr. Martel: I have only about three more under expenses.

You talk about boondoggles. A Christmas party: \$10,000 almost, for two days. Page 29: "The cost of the Christmas party alone amounted to \$9,615, including \$6,350 for dinner, \$1,650 for entertainment, and \$1,615 to accommodate 20 employees, 15 of whom were from out of town."

We put on a staff party here for more than 11,000 staff and the cost is under \$10,000.

Mr. Harrap: Who pays for it?

Mr. Martel: The Legislature pays for it. Two years ago we decided that rather than put on a Christmas party for staff, by a decision of the Board of Internal Economy and the Speaker, we gave the money to the starving people of Ethiopia. With 200 employees, your party cost is \$10,000. That is not a boondoggle either.

Mr. Harrap: Are you saying the Legislature has no Christmas party?

Mr. Martel: I am saying there is no Christmas party. It has only been held for four years for the staff. That was cut out so the money could go to serve a better purpose. I am suggesting some of your money could go to a better purpose, if it went to health and safety.

Mr. Harrap: I would like to reply to that. It has been suggested to us by the Workers' Compensation Board that if we do not want to have alienation between staff supervisors and staff workers, we ought to have at least one social event a year. This is our social event for the year. It is an opportunity to get the employees of the association and the volunteers of the organization together to have a little social dialogue so we can find out a little more about who the people are and do a good job of working with them.

I think your complaint is not that there was a Christmas party. Lots of people have Christmas parties. Your complaint is perhaps that the association is paying the whole cost. We are going to change that. We are going to ask the employees to pay something towards the cost of the party. It will probably satisfy your feelings of outrage when we have to charge money for a party.

Mr. Martel: The New Democratic Party has a Christmas party but not a cent of it comes from caucus appropriation. The staff and members pay for the party, since it is their party.

The last figure I want to look at is the \$175,000 for the annual conference. I was right that the Provincial Auditor did mention that you did not tender. At the bottom of page 33, it says, "In selecting a site for the annual conference, no formal competitive selection process has been undertaken, even though the payments to this vendor exceeded \$175,000 in 1985. The IAPA's annual conference has essentially been held in the same hotel every year since 1939. We were informed by association personnel that discussions were held with another hotel approximately eight years ago." Toronto has changed significantly in eight years. There is now a convention centre.

Mr. Harrap: We used that convention centre. That is exactly what we are using.

Mr. Martel: The place you used over the years was the Royal York. Eight years ago you looked into another alternative. Have you looked into any other alternatives in the past eight years?

Mr. Harrap: There have been discussions with other hotels.

Mr. Martel: Has anything gone to tender?

Mr. Harrap: You cannot take it to tender when the potential quoter cannot do the job. It is a question of the size of the facilities and the number of meals required. Unless we are going to wipe out the conference, we have to do it in the format that will handle the number of people who come. There are not many facilities that can handle that large an affair. We covered this 10 minutes ago.

Mr. Martel: I said I would come back to it. You constantly play little games like that. My friend says I might get a little ignorant, but I said I would come to this section. I wanted to deal with that part because it was in two parts. Do you recall my saying that?

Mr. Harrap: No, I do not, but that is fine.

Mr. Martel: You might read Hansard. I said I would come to that portion, because I was going through it in the order I had lined it up last night.

I think you might go somewhere else. The auditor says you really have not done anything in eight years, and \$175,000 went to one individual. You

might be better off taking that \$550,000, or whatever it is, and holding some regional conferences. You could reach a lot more workers rather than paying what you are paying to centralize the whole damn thing.

Mr. Harrap: We are doing that now, Mr. Martel.

Mr. Martel: I know.

Mr. Philip: If I were to ask you right now to give us a list today of which hotels are capable in Ontario of holding that conference, could you provide us with that list?

Mr. Harrap: I do not have that information in my hand.

11:00

Mr. Philip: Has it been compiled by you or by your association?

Mr. Harrap: I do not think it has, no.

Mr. Philip: How can you tell us that there is no way of getting any kind of competition into the conference if you have not even compiled a list of which hotels in 1986 are capable of handling that size of convention?

Mr. Harrap: We have a man who works on this better than half of the year and he has gone around and talked to a number of hotels.

Mr. Philip: Does he have a list?

Mr. Harrap: I do not have that list.

Mr. Philip: Does he have a list?

Mr. Harrap: I am sure he does.

Mr. Philip: You are sure he does.

Mr. Martel: Imagine having a guy for half a year on staff who prepares things for a conference.

Mr. Findlay: And other seminars.

Mr. Martel: Yes, I know.

Mr. Findlay: And other conferences.

Mr. Martel: May I ask one final question, Mr. Chairman?

Mr. Chairman: Yes.

Mr. Martel: Maybe the chairman of the board is going to have to answer this. How is it that the Workers' Compensation Board, as I understand it, just signs cheques willy-nilly to this organization over the years? I understand there is a new chairman, and it is not his responsibility, but how in the hell did the compensation board ever sign cheques like this and never question anything? You say this report is not a boondoggle. I want to tell you I have never run a company, but I ran a school for a while and I have sat on the Board of Internal Economy at Queen's Park for seven years. If we ran

things the way this is run, the auditor would have been down our neck many times at the Board of Internal Economy.

For all of you businessmen who pride yourselves on your business, what is in there is a disgrace. Maybe we should calculate how much was squandered, cut your budget by that amount and give it to the Ontario Federation of Labour. The federation could make a lot of use of it.

Mr. Harrap: Ah, is that where you are coming from?

Mr. Martel: No, I am not coming from there. I want to ask the chairman of the board who signed all these cheques from the board and why was it never questioned? If I read it carefully, the auditor probably went back two or three years, and that pattern was there for two or three years and probably a lot longer. Who the hell signed all that and just gave that money away willy-nilly, much of it for totally useless expenditures? It did not go towards occupational health and safety any more than I am the man on the moon. Maybe the chairman could tell me whose pen was busy down there signing all this?

Dr. Elgie: The practice with the board is that most of the safety associations have their expenses paid for through the board if the appropriate approvals are in place on the documents that are forwarded. That does not apply to all associations. For example, in the case of one of them--and I would have to get the exact name--I know it is assigned a budget amount after going through the process and then it handles it internally, as does the OFL workers' health and safety centre. We do not pay the cheques to them. They have their own internal procedures to approve it and the next year when budget time comes around all of those things are looked at. That is the process.

In the case of the IAPA and most of the safety associations--the auditor reports on that on page 11, I believe--as long as the approvals are there by the appropriate parties, the board has paid the cheques.

Mr. Martel: I hope the board is going to change that policy and that everyone plays the same game the OFL has to play; they get a budget, they have to approve it, and somebody down there carefully audits the type of expenditure these birds go through.

Dr. Elgie: To be fair, the safety associations, including IAPA, do present a budget. Particularly with the institution of the Occupational Health and Safety Education Authority, the budgets that are presented are carefully reviewed and, I think you would agree, have been reduced by amounts sometimes--I do not know the exact amounts--when the Occupational Health and Safety Education Authority has felt the amounts in the budget should be reduced.

Mr. Martel: Certainly, something has to be done, though, Dr. Elgie, because this is really an indication of a lot of money blown around without much consideration given to (a) where the money is coming from and (b) to where it is going.

Dr. Elgie: Certainly, we have to review the auditor's report and see whether we need to put in place different processes.

Mr. Harrap: I am afraid, Mr. Chairman, I have to challenge that last remark. The implication is that we blow money around without looking at how it is spent. I have made the statement several times--

Mr. Philip: That is what the auditor says. That is what this report says.

Mr. Harrap: Mr. Philip, please.

Mr. Martel: You are being ignorant, Ed, according to Al McLean.

Mr. Philip: I am sorry.

Mr. Harrap: We carefully review what the money is to be spent for. We sit down with the Occupational Health and Safety Education Authority, make sure it understands what the budget moneys are to be spent for and get its approval. The budget is approved by the board. I do not think there is any question that the activities we are spending money for are justified and worth while; they are bringing forward safety in the province.

I have already admitted several times that our management control of some of the expenditures has been lousy from the point of view of documentation, of fleshing out the accounts and making sure every item is fully documented. We have not done a good job, and we are going to do a good job. I read into the record the letter I have written to the senior staff about how we are going to do a good job.

That is not to say what we are doing is wrong. The way we document it is poor. It is not the same thing. I would like to keep making that distinction, because I do not want to be damned for having done the wrong thing. I agree, and I have discussed it with the auditor in this case. There is a justifiable case that we have not documented the expenditures properly.

Mr. Chairman: We are going to give the other parties an opportunity, and then we can come back if time is available.

Mr. Martel: Mr. McLean had a question.

Mr. McLean: With regard to the hiring practices during the summer, I see that the staff employees get the first chance at the jobs, whether or not they are qualified. Is that the case?

Mr. Findlay: That is correct. We hire according to the board's standard procedures for hiring.

Mr. McLean: I am very pleased this report was done. For the life of me, I just cannot understand how there can be so many discrepancies in an organization as what I read in this report from the auditor. Who is the general manager who directs the operations of the IAPA?

Mr. Findlay: I am.

Mr. McLean: I would have to say that, from what I have observed in this report, you have not done a good job. When I look at the mileages and the amount for tokens for TTC that staff gets, more than \$5,000--and it is not indicated who gets it--and the amount that is spent on salaries, this report should have been done a long time ago. I am glad the standing committee on public accounts has seen fit to have it done, because we are looking at millions of dollar here. There does not appear to be a detailed accounting system where the ordinary layman could read about what has taken place within this organization.

I look at your account that goes to the Workers' Compensation Board to be paid. I read here that it is very seldom questioned; it is sent over there from your jurisdiction for authorization and payment, and it is done. There has to be a much better accounting system put in place. I can see great savings where the money could be spent more wisely. When I look at the kilometres in five days, there is no explanation at all where they have been derived from. I do not think someone should put it in a lump sum and say, "This is my mileage for the week," without saying what that person has done and where he or she has been.

It appears to me you have had an open hand, and I feel sorry for the members, because they are volunteers and they try to do a good job; however, they cannot be on top of everything. Sir, you are the one who is responsible for the bookkeeping and for the direction of what takes place. I do not think you have done a very good job of it, from what I have read in this report. Really, it is more of an observation I am making rather than asking a lot of questions.

When I look at the hiring practices, 40 people from staff's families who have been hired without a criterion, I just cannot believe it. There has to be a big cleanup job done here on this whole Industrial Accident Prevention Association. I believe your chairman and your board of directors will have to sit down and very clearly draw up some guidelines of what is to be accounted for and where it is to be accounted for. You spend \$15 million and you appear to have an open chequebook, which it is not. It has to be done in a businesslike manner, and I do not believe it has been.

11:10

Mr. Chairman: Does anyone want to respond to that?

Mr. Harrap: Yes. I would like to say one or two things. That is a very rational statement, Mr. McLean, and I understand what you are saying. However, there were one or two things that were worthy of comment.

I believe you need to understand that we have a good accounting system. This is a subject I am familiar with, for I too come from a family that does a number of things well. The accounting system has enough subcategories and enough detailed accounts that we can determine where the money is being spent and what it is being spent for. I personally review those figures every month, and I know where the funds are going. I do not review everybody's expense account. Frankly, I have another job, and I have to do that too.

We have a budgeting process that is quite sophisticated even by today's standards. I believe I said a little bit yesterday about the budgeting process we went through, and I want to add one or two things. We laid it heavily on the senior staff this year that we wanted a zero-base budget. What that means is that you do not take last year's numbers and add 10 per cent; you start from the bottom and build up the needs for the expenditures.

We put the staff over a lot of hurdles this summer, asking such questions as: "Why do we need to do that? Is that really necessary? Is there not a cheaper way? Why do we not cut that?" As a result of that, the 1987 budget will be a smaller number than the 1985 budget was. We can accomplish more work for less value, and I believe that is what you are talking about, sir. Let us make sure the money is spent wisely. I understand that.

The subject of accounting control is one you have referred to. Do we have the right documentation? I have already said several times that we are

not very proud of what has gone on in the past, and we will fix it. You are familiar with the 12-point letter, which I read. That details how we plan to fix it and, by golly, we will do that.

The other question is that of hiring policy. Every organization needs summer relief, and different organizations have different practices. I do not know what is done in government circles, but I can tell you what is done in industry. A number of companies say: "We will preferentially hire the grown-up children of employees because these children are trying to get an education. They are trying to get out in the work place and do a good job. We will preferentially hire children and give them a chance to go on with their studies at university, community college or whatever."

IAPA is no different. That is what we do. We do not do it exclusively in that way. There is a very detailed hiring policy, which is the board policy. We do not have any human resources policies. The policies we have are the board's policies, and we follow them. There have been occasions where casual students have been hired to do specific jobs. We have to get a bunch of conference programs together in the right envelopes, and that is done by a bunch of high school kids over their Easter holiday. That is a good use of people to do the job.

You have to keep one thing in perspective, and I bring this before you again. The budget of IAPA is \$15 million, more or less, and we scrutinize that very carefully. The hidden budget, the dollars you never see, is probably another \$15 million or \$18 million; that is the time and efforts of the volunteers, who work for nothing. I have spent countless hours on this job at IAPA. I am very fortunate that my employer does not object and tell me to get off it and get on working for him. The president of the company I work for says, "Good, George, go and do that; we need that in this province," and I believe that. The majority of the volunteers work for no compensation whatsoever. Their expenses are covered by their employers rather than by IAPA.

I am concerned that, with some of the remarks that have been made, we may get into the position of turning off some of these volunteers who work so hard. I am trying to keep a little honour for our volunteers so they can continue to do what they are doing. If we lose them, you will be looking at a lot more money for the same work.

I am trying to make these remarks in a very straightforward and helpful manner, because I believe in what we are doing. I believe we can do it better, and we have made some arrangements to get more input. I think we need to keep doing that. We need the input of the whole community to do a good job. We have a franchise here, and we are trying to carry it out. I believe we can and will continue to do responsible fiscal budgeting.

Mr. Hennessy: On the same topic you were mentioning, if you did not have the volunteers and had to hire people in the same capacity, what would be the total cost of operating?

Mr. Harrap: It would be somewhere around \$35 million.

Mr. Martel: People in organized labour do exactly the same sort of work, and they do not get paid either.

Mr. Harrap: That is quite true.

Mr. Martel: Therefore, labour should get \$35 million; is that what you are saying?

Interjection: No.

Mr. Martel: You cannot just put one foot forward into all these--

Mr. Chairman: Order, please. Mr. Hennessy, are you finished with your supplementary?

Mr. Hennessy: Yes.

Mr. McLean: My remarks are derived from what I have observed within this auditor's report. I have had an indication now that things are going to change and will be a lot different. I mentioned the volunteers. I felt badly for them, because I did not realize what was going on, in a sense. I hope a lot of these practices that have been carried on will be more closely scrutinized, and I am sure they will be.

Mr. Harrap: You have my assurance on that.

Mr. McLean: I am sure it will be of benefit to everyone.

Mr. Harrap: Yes.

Mr. Chairman: I have a brief supplementary. Unless there is no one here, I will then move on to Mr. Philip.

You talked about the changes in the process, Mr. Harrap, primarily about what is going to take place. I do not think anyone here is out for a scalp. However, I am curious about what your reaction would be in the private sector if you had received an audit report like this. I am thinking about your response in terms of the management structure.

We have talked about the process and how you are responding to the concerns the auditor has brought forward, but I am talking about the players, the people who were involved in this exercise for the past number of years and perhaps, inadvertently or otherwise, placed the volunteers in the organization in a pretty difficult position this past number of months. Has anything been done in that respect?

Have you given any consideration to changes or some kind of different approach? You have not dealt with that in the past day and a half, as I recall. I do not know whether Mr. Harrap is the appropriate person to ask; perhaps it should be Mr. Donaldson.

Mr. Donaldson: There truly have been administrative deficiencies. We admit that. But we have also launched the association into an agenda of reform. In all fairness, we have to consider the contribution that has been made by those at the top of the organization.

For example, Mr. Findlay has dedicated more than 30 years in one way or another to health and safety in the province. He is known as the authority on health and safety--I really believe that--by the people I have met in my travels throughout the province. When you talk about health and safety, Jim Findlay is the name that comes up. He is widely known and accepted as an authority on health and safety in the other provinces of Canada. I personally have received requests from abroad for him to go to meet with folks there and we have people who want to come to meet with him.

We are talking about government administrative levels and helping countries establish their health and safety programs. That is the type of

level I am talking about. All this has to be taken into consideration. The contribution that has been made by some of these folks in the area of health and safety, particularly by Jim, is outstanding.

11:20

I might tell you at this time that Mr. Findlay has announced his retirement. The contribution he has made is going to be missed by the association. I can only say that I hope Jim will continue to keep himself involved in the area of health and safety in the province and in the country so that others can benefit from the wide experience he has had and that he can continue his tremendous contribution in that area.

Mr. Harrap: I agree with that. I would like to add one thing. You need to realize that this association has gone through a very startling change in moving from a centralized organization to a regional organization. A lot of the efforts of the administrative staff were put into making sure that worked. You cannot make a sweeping change such as that and have it fail. The service to the client community was not impeded at all by that reorganization.

Another thing has happened that I was not going to bring up, but I think it is appropriate given the chairman's question. Several years ago we had a number of people at the senior staff level. One of them, Ross Elliott, was a key man in this control area. Unfortunately, Ross was taken ill and died from a tumour. At the time, talking with a few senior officers, Jim said: "I do not know how I am going to replace Ross. Why do we not try to carry on without him?" In retrospect, I think that was a bad decision. We agreed with Jim, but I think it was a bad decision.

We took out one of the key players who was doing some important work for us. Ross was involved in a number of areas, but this control area was one of the things he had some insight into. In retrospect, what we have done by doing that--I did not recognize this at the time--is that on top of a developmental load and on top of a promotional go-out-and-meet-the-troops load, we have thrown some of that administrative load on Jim. It has just been too big a responsibility to carry.

He needed the opportunity to delegate to a trusted subordinate. He has several trusted subordinates, but he probably had one too few. That is not offered on the level of an excuse; it is offered by way of explanation of how one gets into these jams. Management is supposed to be smart enough not to do that. I think we made a mistake in that case. That is a point worth mentioning.

Mr. Chairman: Mr. McLean, are you finished?

Mr. McLean: I have a comment on that. I think that is where the problem is: One man has been doing too much.

Mr. Harrap: Yes.

Mr. McLean: He has been overworked. He cannot be away for a month, which he was from those accounts, and still look after the store at home.

Mr. Harrap: It is very difficult.

Mr. McLean: I think that is where the problem is.

Mr. Philip: The fact is that one has a director of finance and administration or vice-president of finance or chief accountant. In all

companies the chief accountant fulfils the comptroller function or there is a comptroller in the company who deals with that. The fact is that your controls bogged down. If this were a public company, there would be a major revolt at a shareholders' meeting for this kind of report.

It is laughable to say you scrutinized the budget. You are only scrutinizing it because we had a public accounts inquiry that completely embarrassed you.

Mr. Harrap: I am sorry, but that is untrue.

Mr. Philip: Then why was none of your reforms proposed until after the auditor started looking at the mess you have?

Mr. Harrap: The budgeting process and the control process are not the same. You know that. The thing we have done well is budget; the thing we have not done as well is manage the controls and the documentation.

The auditor has made the point, and I come back to this, that what is missing is documentation. He does not suggest we should not have spent the money at all. He said, "I cannot tell exactly where those dollars went." That is true. It is on many different pieces of paper and it is difficult to go through the audit trail. If you know how auditing works, and I am sure you do, there has to be an audit trail. The audit trail is not sufficient.

Mr. Philip: There is no controller in the company. If there was not a controller or person with that specific title, then the chief accountant or chief finance officer should have fulfilled the controller function. That was not done.

Mr. Harrap: Mr. Findlay has been acting as controller. As I said a little while ago, it is too much work for one man.

Mr. Philip: I would like to ask a few more questions about some other parts of the report.

On page 28, the auditor notes that there were instances when the rate paid by the IAPA for hotel rooms was higher than that which is available to Ontario government employees. Whenever I go into a hotel, I always ask for the government rate. I have not found I suffered terribly by using the normal rooms that Ontario government employees use. Why are your people so special that they need better rooms than Elie, the chairman, the Provincial Auditor or I manage to use?

Mr. Harrap: That is a two-part question, sir. The first part is whether IAPA uses better accommodation than you do. I do not believe IAPA uses any different accommodation.

The second part of the question is why we cannot have an IAPA employee walk in and say he is a government employee. In fact, he is not a government employee, he cannot produce a government card and he cannot show a pass or something that says he is a member of the Legislature.

Mr. Philip: Have you ever asked for a government rate in hotels?

Mr. Harrap: We cannot do that. It is not a government rate; it is a rate for government employees. We have been told we are not allowed to do that because we are not government employees.

Mr. Philip: Associations get government rates. When I worked for the Ontario Federation of Agriculture and I was on the road, I always asked whether there was a government or commercial rate, which was usually the same, and I always got a discount for the federation of agriculture.

Are your people instructed to ask whether there is a discount traveller's rate or government rate they might be able to obtain?

Mr. Harrap: We have hotels at which we get an IAPA rate and we are going to expand that practice. In some cases, the rate we get as IAPA is lower than the government rate. I do not know why that is.

Mr. Philip: It would be nice if, once in a while, you answered a question. Are your employees instructed, when they go into a hotel, to ask for a commercial or discount rate? Are they instructed to do that?

Mr. Findlay: They have IAPA rates, which we have established with certain hotels in the districts and in Toronto. They have been instructed not to go in and ask for the government rate, because if they are asked for government identification, they cannot produce it.

Mr. Philip: Do they ask for a commercial rate?

Mr. Findlay: They ask for and we receive. Within our districts, we now have some hotels that give us special rates and in some cases they are lower than the government rate.

Mr. Philip: Have you instructed your employees to stay only at the discounted hotels?

Mr. Harrap: In some cases, every hotel in town is a discounted hotel.

Mr. Philip: That was not my question.

Mr. Harrap: I know that.

Mr. Philip: Why do you not answer my question for once? If you do not know the answer, say "I do not know."

Mr. Harrap: I have no idea whether every employee every time--

Mr. Philip: Okay, so you do not know the answer.

Mr. Harrap: Right.

Mr. Philip: It might occur to you that you might like to find out the answer to that to see whether that might be a good policy.

Mr. Harrap: Yes, sir.

Mr. Philip: Have you done any cost-benefit analysis between what my colleague calls this huge centralized boondoggle and decentralized workshops or mini-conventions or localized seminars?

Mr. Harrap: We are running both currently.

Mr. Philip: Have you done a cost-benefit analysis? Again, it would be nice to have a question answered. Have you done a cost-benefit analysis to see whether you might obtain more results if, instead of having a convention one year, you had a series of regional conventions?

11:30

Mr. Harrap: I do not think you can do a cost-benefit analysis for things that do not have any costs associated with them. I am trying to say there are two different functions here.

Mr. Philip: What do you mean you do not have costs associated with them?

Mr. Harrap: I am sorry. May I continue? There are two different things associated here. One is a large conference, to which we can get international speakers, members of the local unions to come and speak--

Interjection.

Mr. Harrap: Thanks, Elie. We can get other people to come and speak.

We also have regional conferences. We had a very successful conference in North Bay. We are planning other regional conferences, and Mr. Findlay can give you some details. The two go hand in hand. It is not either/or; it is both. It is both because they reach different audiences for different reasons.

Mr. Philip: You are trying to tell me your training techniques are so weak and that you are so incompetent in training technology that you could not figure out in terms of objectives whether it would be possible, using modern media techniques, to run regional conferences and compare the results with running the large convention. Are you telling me there is no way to do that? If that is what you are saying, you had better get a new training director, because that person is completely incompetent. I can tell you how to do it and I will not even charge you a fee.

Mr. Findlay: In Mr. Hennessy's jurisdiction, we are running the third year of Forum North, a three-day conference conducted by our volunteers, with staff assistance, for the northern Ontario area. They get people in from as far west as Kenora, and I understand this year there are some people coming in from Duluth. We are also establishing one in Sudbury this year and we are looking at regional conferences in the London area and in the east. We are starting to investigate the latter two, but we have those in the north, and they run concurrently with our other activities.

Mr. Philip: That is very nice, but it does not answer my question. Why have you not done a cost-benefit analysis? If you are spending this kind of money, it might be a good idea to find out whether there is a cheaper way to achieve the objectives.

Mr. Findlay: Those are in addition to the training that goes on continually. You have a list of the training programs we have throughout the province. They are in addition to our scheduled training programs and special requests by companies.

Mr. Philip: What evaluation do you have on your convention?

Mr. Harrap: There is a post-convention critique, an analysis, each year, which is attended by a majority of the exhibitors and participants. They go through the thing with a fine-tooth comb to see what worked, what did not work, what kinds of courses should be run, what kind of information was presented and whether the people who were there who provide us with revenue are satisfied.

We took the middle-sized wing of the convention centre for displays. This is an opportunity for the major manufacturers of safety equipment in North America to come in and show what they have to the clientele who walk through. It is much more than a couple of seminars. You really should come to see it.

Mr. Philip: Have you done a behavioural study on the benefits of the convention?

Mr. Harrap: I cannot comment on that. I do not know.

Mr. Philip: You know there are questionnaires handed out asking, "Did you enjoy seminar X?" "Yes. He told great jokes. It was a great seminar." I have seen those studies. They are not too scientific; they are very subjective. Have you done any behavioural studies to find out whether you are getting any kind of behavioural change as a result of these conventions?

Mr. Findlay: In all the technical sessions that we run in our conference and subconferences throughout the province, we have a critique sheet that comes in with no name. We ask specific questions for our guidance to see whether or not we are hitting the mark.

Mr. Philip: "Hitting the mark" simply means that somebody learned something, but surely you know there is a difference between learning something and changing one's behaviour as a result of that knowledge. I am suggesting to you that with all of the millions of dollars you have to throw around, it might have occurred to you to do at least a behavioural study to find out whether all this money spent on this convention actually resulted in any kind of behavioural change by the participants.

Mr. Harrap: I would be pleased to accept that, on behalf of IAPA, as a suggestion. I think it is a reasonable suggestion.

Mr. Philip: I am sure if you went to the Ontario Institute for Studies in Education--it is always looking for contracts--there is probably somebody there who wants to do a PhD and would love to get an honorarium for doing it, who would be pleased to do some kind of study for you and would study it from a behavioural point of view.

Mr. Chairman: Mr. Hennessy has a supplementary on this before you move off it.

Mr. Hennessy: It is just a small supplementary. I noticed you are having a meeting or seminar in Thunder Bay on November 3. I am just looking at my book. I wanted to bring that into the record.

Mr. Donaldson: That is correct.

Mr. Martel: Ask him who will be speaking on behalf of labour. We just heard that labour gets involved and addresses these organizations. Tell me who from labour will be speaking that conference.

Mr. Findlay: I do not know, but I know there are, and we will get you the information.

Mr. Chairman: Did you have a supplementary, Mr. Smith?

Mr. D. W. Smith: No.

Mr. Philip: I have some questions. I have received from the auditor the list of the associations that were joined. Quite honestly, if you look at a lot of the associations, some of them make some sense. There a few that jump out at me. I can accept that if you are going to be a professional--although I pay my own professional dues in numerous organizations, and not the taxpayers--none the less, some of these are worthwhile organizations to belong to, such as the American Association of Occupational Nurses and the American Board of Industrial Hygiene. Some of those are obviously related to the work that your staffs are doing. However, can you tell me how long there has been a membership in the Engineers Club of Toronto?

Mr. Findlay: Yes, for 10 years.

Mr. Philip: Assuming that rates went up and that the \$450 figure was not the price tag 10 years ago, \$450 times 10 or \$4,500, subtract perhaps the inflation figure, and you are probably talking about \$3,000 spent over the course of 10 years on a membership in the Engineers Club of Toronto. Can you tell me what benefits to safety were obtained by that membership and expenditure of \$3,000 or so?

Mr. Findlay: First of all, we explained at the last meeting that the board of directors approved that membership. It was done for an opportunity for myself, representing the association, to be able to have discourse with people whom we thought we could influence and talk to about management and what not from the aspect of health of safety.

Mr. Philip: Can you give us a specific example of anything that has happened as a result of your membership in the Engineers Club?

Mr. Findlay: Yes, I can. One thing we did was to have a meeting there with the general managers and the presidents of the safety associations. We hosted one and the mines people hosted one. We had one last year.

Mr. Philip: Could you not have had that without a membership in the club?

Mr. Findlay: Not at that location. We could have had the meeting.

Mr. Philip: So you had one meeting in the club in 10 years.

Mr. Findlay: No, sir. I said last year. We have had other meetings in the club. I do not have the number with me, but I can certainly look it up.

Mr. Philip: Was the meeting participated in by the members of the Engineers Club?

Mr. Findlay: No, sir.

Mr. Philip: So it was just a convenient location to hold a meeting.

Mr. Findlay: The people who participated in that meeting were the presidents and general managers of the safety associations.

11:40

Mr. Philip: They could have had the same thing in a hotel room or at your headquarters.

Mr. Findlay: That is right.

Mr. Philip: Or in a church hall, for that matter.

In the case of the Royal Canadian Military Institute, how many years was that membership?

Mr. Findlay: It was paid for the association probably for the same length of time, but the administration committee agreed to pick up that membership when I came on board.

Mr. Philip: What is the safety aspect of the Royal Canadian Military Institute?

Mr. Findlay: The same as I have outlined we had with the Engineers Club. I have used the RCMI particularly for meeting with people from the Ministry of Labour. It is right next door.

Mr. Martel: It is close to Bloor Street?

Mr. Philip: The Ministry of Labour has some places that you can hold meetings in.

Mr. Findlay: Yes. When I have some of those meetings, they involve having lunch with them.

Mr. Philip: And there is no place at the Ministry of Labour where you can have lunch and hold a meeting.

Mr. Martel: No, that is not true. I have had lunch there.

Mr. Findlay: If they are on my invitation, I cannot go into the Ministry of Labour. If I invite them for a meeting with me and I want to discuss things with them, then I hold them in my location.

Mr. Martel: Which would be your offices up on Bloor Street, would it not?

Mr. Philip: I can pull out of my wallet membership cards that I pay for out of my own pocket and that I could say somehow benefited the taxpayers. I pay out of my own pocket for the Presidents Club, to which I belong for fitness purposes. I could join the University Club over here at the University of Toronto. It has a lovely dining room. Occasionally, I could take constituents to it, but I do not expect the taxpayers to pay for it.

We are only talking about maybe \$6,000 here on the Royal Canadian Military Institute. We are only talking about maybe \$3,000 on the engineers' club. To me, it symbolizes the way this organization has operated. It is elitist, there are no financial controls and you really wonder whether an

organization like this deserves the kind of money the taxpayers, indirectly through the Workers' Compensation Board, are putting into it. This is your style of operating. No wonder you are not reaching workers. No wonder accidents are going up.

Let me ask about page 40. My colleague Mr. McLean was concerned about it, and rather than interrupt him with some supplementaries, I wanted to go back to that.

Mr. Harrap, you said you did not know what the government policy was. I thought you might have been aware and read the newspapers about what happened when a former Ombudsman in this province hired, in a very low-paying filing position, as I recall it, one of his kids. The public was outraged. I have not heard any repentance on your part as to whether this policy or the recommendation of the auditor--that the association develop equitable employment practices--will be eliminated. Can you tell me whether that policy will be changed?

Mr. Harrap: That is a three-part question, Mr. Philip. The first question is whether the employment of relatives at arm's length is suitable. I do not think this is the forum to debate that. Industry practises it, government practises it. Be advised that I said "at arm's length." I would never condone a practice where a child works for his father or his mother. On the other hand, in some dim and distant reach of the organization, there is nothing wrong with having relatives. Most companies permit it, as long as they do not work for each other.

Mr. Philip: The auditor's comments--

Mr. McLean: Excuse me. This really upsets me, because there is no place else--no conservation authority or any of those people are allowed to hire their sons or daughters to work for that organization for the summer. This is the only one I have ever seen where they do it. I think a parent's daughter or son should have an equal chance at that job as these people who are making \$40,000 and \$50,000 a year. It disturbs me that your sons and daughters are getting the jobs with these people. They want the same education. They pay the same for their education and they do not have a chance. I tell you it is not right, and I think your policy should be changed.

Mr. Findlay: Mr. McLean, the employment policy we use is the policy from the Workers' Compensation Board.

Mr. Philip: I am going to ask Dr. Elgie about that in a minute. I heard that statement made before.

The auditor's comments are fairly specific. He says 30 individuals have been hired over the last few years without going through a competitive hiring process. "Such hiring practices do not provide equal opportunity to those looking for employment"--more important, and this is what I am concerned about--"nor do they ensure that the best available person is hired to perform the work in question." That is surely the key: not whether an employee's son or daughter, who may have been an excellent person, the best person for the job, got the job, but whether there is a patronage system going on in your place. This is called patronage.

I can remember years ago a former Conservative cabinet minister from Ottawa--no, further back than that; he ran for the leadership of your party. Anyway, I can remember him saying: "My goodness, the last vestiges of

patronage are gone now. The Liquor Control Board of Ontario now demands grade 12; so I cannot get any of my dumb relatives hired by the LCBO." We were kidding about it, but he was saying that not just about his relatives, but about the relatives of supporters and so forth. He said, "The unionization and adequate management practices in the Ontario government have removed my opportunity to get the really dumb people who cannot find a job elsewhere a job in the liquor stores." Those were his words. I am not saying that is the case today.

I remember the same thing happening with the post office. After the war, if you knew a member of Parliament and his party happened to be the government at the time, you could get into the post office. It was still true in the 1950s and 1960s. I had somebody very close to my family who happened to know the local Liberal member and was working for him. It was no problem. If I wanted a job for the summer, I could have had a job. It turned out that I was able to get a job cleaning urinals in a tennis club that paid better than the post office did; so I did not need it.

Mr. Martel: I could make a comment, but I will not.

Mr. Harrap: If I can reply, Mr. Philip--

Mr. Philip: You have a patronage process going on here.

Mr. Harrap: If I can reply, there are two things to say. The jobs that were required for summer relief were widely advertised to all the IAPA employees. There was not a patronage system. A patronage system is where the boss's child gets the job. The best candidate of all those people who wished to apply was chosen, not necessarily the one who happened to be related to the boss.

Mr. Philip: That is not what the auditor said.

Mr. Harrap: I have already read into the record what our policy will be starting when I wrote the letter last month.

Mr. Philip: That is not what the auditor is saying.

Mr. Harrap: Can I finish?

Mr. Philip: Sure; if you want to continue disagreeing with the auditor, go ahead.

Mr. Harrap: I am not disagreeing with the auditor; I am telling you what I told you yesterday, which is that we have a policy that says employment, whether full-time or part-time, will be governed by written procedure and advertised in a suitable medium. The best candidate will be selected. That is our policy. That is what we are saying.

Mr. Philip: It will be interesting, because we will no doubt want to have the auditor look at all your practices in a year's time and see exactly--

Mr. Harrap: We have already asked the auditor to come back in a year's time. We wish to be examined in a year's time.

Mr. Martel: Why did the auditor put that in his report?

Mr. Harrap: You had better ask him.

Mr. Martel: Maybe the auditor could tell us why he put that in his report.

Mr. Archer: Why I put the hiring--

Mr. Martel: Yes, the hiring practice and the fact that not necessarily the best candidate was chosen.

Mr. Archer: I will let Mr. Miskchenko answer that.

11:50

Mr. Miskchenko : I believe the policy Mr. Harrap now is mentioning is a new policy that will be in place, but at the time we did our review that policy was not in front of us.

Interjection: At the time of the review we were operating with the board's employment policy. I checked it.

Mr. Philip: I am going to ask Dr. Elgie to come forward and answer a question, or perhaps he has someone else with him whom he would rather have answer the question. Can you tell us what the board's policy is? Can you get your relatives hired for the summer through this kind of patronage system?

Dr. Elgie: I have asked the director of human resources to come down. I can answer to the best of my ability. If any of the staff have any other comments they wish to make, I will be pleased to have them do so.

The area of nepotism and antinepotism in hiring practices is not an easy area to deal with. I do not say that because I am going to be defensive about anything. When we had to face that issue with the Human Rights Code, which was considered by this Legislature, we did not make it contrary to human rights to have a nepotism or antinepotism policy because of the great difficulty that exists.

As this gentleman told you, there are many companies in the private sector that have distinct hiring practices to favour the children of employees. On the other hand, I recall that when I was a minister, there were complaints by spouses that they could not achieve promotion and advancement in any area their husbands were in. There are lots of problems in the area.

It is my understanding from talking to staff that we do not have a specific nepotism or specific antinepotism policy. There is no direction as to preferential hiring. I stand to be corrected on that once Mr. Shields arrives, but from the staff I have been able to speak to--

Mr. Philip: It will be useful if we can get that information.

Dr. Elgie: If he is not here on time, I will be glad to provide the committee with that information. To the best of my information, that is the practice.

Mr. Philip: You have read the auditor's criticisms of the hiring practices. Would those practices be the kind of thing you would want to see go on at the Workers' Compensation Board?

Dr. Elgie: Which specific practice do you want to talk about? Are you talking about the hiring of children during the summer?

Mr. Philip: Yes, students; page 40.

Dr. Elgie: To the best of my knowledge, we do not have a policy that offers preferential hiring to the children; nor do we prohibit it.

Mr. Philip: Mr. Findlay says you do.

Mr. Findlay: The board has a policy regarding the hiring of employees' children. I will bring you the numbers.

Dr. Elgie: I have asked Mr. Shields to come down. The staff that are here with me tell me they are not aware of it.

Mr. Philip: I wanted to go through your staff list. I have a question that perhaps you can get back to us on. You mentioned two people in training materials. How many people are actually doing what we would call training and running seminars?

Mr. Findlay: In each district, we have a district training co-ordinator and two specific trainers. All our consultants are trained and have the ability to do training.

Mr. Philip: How many do you have in all who are doing training?

Mr. Findlay: We have about 60 people who are qualified to do training.

Mr. Philip: How many of those have a degree in adult education or training techniques?

Mr. Findlay: I have no idea.

Mr. Philip: Will you find out for us?

Mr. Findlay: I can find out. A degree in what?

Mr. Philip: A degree in adult education or training techniques. If they are doing training one would think they would be trained in how to do it. It is a recognized profession. Some of us earned a fairly good living at it before we got into politics.

Mr. D. W. Smith: I will not take up much time. I have enjoyed these discussions over the past day and a half. It sounds as though we are terribly critical, and I think we have to criticize each other in organizations from time to time. I want to go back to the running of these rooms in the hotel at conferences. Having had a little experience myself as a municipally elected official, I have rented a suite at conventions for the county. If you run a five-day convention, I have to think your charges are minimal, from what I know of running a county organization suite. I cannot agree with my colleagues from the New Democratic Party on those charges.

During the past day and a half, they have brought out a lot of reasons to change, and I hope the directors of IAPA will go back and make some changes. I do not know whether you can change some of these things for the better, because this is a huge economic system, as I see our whole outlook in the province. We have to move from area to area to set up the conferences. They give a little charge to the areas where they are held, but I am sure that if you have conventions of 8,000 people, it will be almost impossible to move outside the Toronto area.

We have had a good discussion today, and I am pleased I was able to listen and partake in a very small way on the committee. I hope you, the president, will make some of the changes you can make. I think you will likely have to accept criticism about the other ones from time to time and still not be able to change them.

Mr. Donaldson: Mr. Chairman, may I make a statement on Mr. Smith's comment? As the president of IAPA, I would be remiss if I did not make some comment on the proceedings. I must admit we got off on the wrong foot. It has been very painful for me and all my colleagues. However, I am the type of person who looks at a glass and says it is half full, not half empty. Quite honestly, this process, which is part of the democratic process, has given us the opportunity really to look at ourselves. I give you my personal assurance and that of my officers that there is no doubt we have launched this association into--and I have used the term before--an agenda of reform.

I would like you to know that although the position of president is for but one year, the position of honorary treasurer is one of continuity. You have had an opportunity to see Mr. Harrap in action. I am sure you can all agree his credentials are very strong. He started a year and a half ago, something of that nature; so he too is new. He and I have sat down together and talked about zero-base budgeting. We are bringing it in, but zero-base budgeting cannot be brought in overnight. We are well into the process and we mean to achieve it.

The point I am making is that, with George Harrap, there is continuity through the position of our treasurer. You may be assured that continuity will be present. As first past president, I have a vested interest that the chair will fall to a person who will be more capable than myself.

We will put this operation into shape. We are all for stopping accidents. That is where we are coming from. It has given us an opportunity to have dialogue with the folks on my right, who I guess are on my left.

Mr. Philip: Nobody has ever accused us of that before, at least no one has ever accused me.

Mr. Donaldson: The first day I came here I would not have made that comment. Thank you very much. We are going to work in that way.

12:00

Mr. Philip: May I respond to Mr. Donaldson? I think I have said this to him privately, but I can say to you, sir, that I have respect for you and for your sincerity. You happen to be the person who is caught in the presidency at a time when, unfortunately, you just came on and all this happened before your time and it has happened under you.

I want to tell you, and I am sure I speak for other members of the committee, that while this process is tough and everybody who comes to this committee knows it can be a very painful procedure, it is our role to try to protect the public purse. The same thing happens in public accounts committees all over the country. Some of the committee meetings in Ottawa are even more vicious, if you want to use that word, or tougher.

Mr. Martel: This was not vicious.

Mr. Philip: I want to tell you it was not personal against you. We recognize that you are in a tough spot. There are some personnel problems that

you have in terms of omission, if you like, in your organization. I am sure this is the message we have given out to you. I accept your offer and your sincerity. I accept your comments, and I hope you are able to convince the other people in your association that you personally want to work with labour. We will be looking to see whether there is any progress in this area.

I hope you do not think our remarks were directed against you. I am sure that if I had a company and I were looking around for staff, I would certainly give you very serious consideration.

Mr. Harrap: I do not want to take away from what is being said, but there is an administrative detail. We promised to get back to Mr. Poirier with some information. I want the committee to know that we provided him with a package, including descriptions of four courses, 12 films and 25 pieces of literature, all in French, which are available. If anyone else would like to know what those are, we have a little pamphlet here, *Avez-vous besoin d'information sur la santé et la sécurité*. That is the material we have in French.

Mr. Poirier: Thank you. I appreciate your sending me the material. You have provided me with this pile here. I have already gone through this pile of information, and I will make sure my groups back home are familiar with what you have to offer in French. I know for a fact that you will be open to suggestions for providing more material, because I have no doubt about your sincerity for the wellbeing of the worker. Thank you for providing that to me.

Mr. Chairman: Mr. Martel, do you still have more to offer?

Mr. Martel: I was going to, but I think I will pass. I was going to move a motion to the effect that we get the auditor to state the amount of money that was wasted and that we reduce the budget by that much and add it to the budget being given to the OFL, since it gets only \$1.7 million, but I will not do it.

Mr. Chairman: Okay. Mr. Archer, do you have any comments you would like to make?

Mr. Archer: I have nothing to add.

Mr. Philip: Does Dr. Elgie have additional information for us?

Dr. Elgie: Jim Shields is not here, but the information I have is that applications are received from students and they go through a process of being competitively interviewed. That does not mean there will not be some children of employees hired. The important thing that all of us recognize is that there is a process of applying.

Speaking personally, I think preferential hiring policies have to be based on affirmative action programs in which you are trying to adjust wrongs in society. I make no apology for the fact that as we move into our regional offices we have an affirmative action policy now in place for hiring in those offices and in new hirings with respect to injured workers. Those are obligations we have to look at areas that need to be addressed.

I would not see preferential hiring of our own children as an affirmative action program. That does not mean they should not be hired; that means they have to be looked at along with other people who are applying and be judged on their merits. They should not be excluded, in other words. If

there is any difference in that position when I speak to the director--I guess he will not be here in time--I will let the committee know.

Mr. Poirier: Dr. Elgie, I presume that practice for affirmative action is based on the fact that when all candidates have equal competence for the position, you make a preferential treatment but base all of them on equal competence.

Dr. Elgie: That is right. We clear all this with the Ontario Human Rights Commission whenever we do it, to make sure it is in line with it.

Mr. Chairman: Anything further from the members? Thank you, gentlemen. This has been perhaps one of the most critical reports this committee has dealt with. It has been a worthwhile exercise for all of us participating. Obviously, we are going to ask you to make an appearance again at some point in the not-too-distant future to bring us up to date on what has transpired in the coming year or 14 months or so down the road. We appreciate your being here and we appreciate the forthrightness of your responses.

Mr. Philip: We should also thank the auditor and his staff for giving us a fairly extensive report in a very short period of time.

Mr. Chairman: No question about it.

Mr. Harrap: Let it be very clear that we thank the auditor for helping us to come to a better realization of the task we have.

Mr. Chairman: Thank you. I remind members of the steering committee that we have a luncheon meeting.

The committee recessed at 12:06 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

EXPO 86 PAVILION

TUESDAY, OCTOBER 7, 1986

Afternoon Sitting



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gregory, M. E. C. (Mississauga East PC)

Harris, M. D. (Nipissing PC)

Miller, G. I. (Haldimand-Norfolk L)

Philip, E. T. (Etobicoke NDP)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Knight, D. S. (Halton-Burlington L) for Mr. G. I. Miller

McLean, A. K. (Simcoe East PC) for Mr. Gillies

Poirier, J. (Prescott-Russell L) for Mr. Ferraro

Rowe, W. E. (Simcoe Centre PC) for Mr. Harris

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witness:

From the Ministry of Transportation and Communications:

Gilbert, H. F., Chairman of the Board, Ontario Pavilion Expo 86

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, October 7, 1986

The committee resumed at 2:14 p.m. in room 230.

EXPO 86 PAVILION

Mr. Philip: Mr. Chairman, I have a question. If someone who is retiring has his pension increased dramatically, would that fall under the jurisdiction of public accounts and be within the purview of this committee to look into?

Mr. Chairman: We will take that under consideration, Mr. Philip.

Mr. Gilbert, welcome to the standing committee on public accounts. Do you have any comments you would like to make at the outset?

Mr. Gilbert: I do not have a paper to hand out or anything like that. I understood from Mr. Arnott I was to present myself to talk about disposal. I thought I would comment briefly about the instructions the board was given.

On December 17, 1985, Management Board requested the Ministry of Transportation and Communications and Ontario Pavilion Expo 86 to report to the board the most economical means of disposing of the building at the end of Expo 86, the cost, the estimated residual market value of the salvageable building materials, etc., and the disposal strategy. We did that this summer, the board has given us instructions as of September, and we are disposing in that matter.

I should tell you that the disposal strategy consisted of seven main components: the Ontario pavilion building itself; the light exhibit, as we call it, or Inspirations; the dark exhibit, Reflections; the three-dimensional film; the Trillium Restaurant; and all other operational equipment and furniture. That is how we reported to Management Board. I should tell you that this was done in conjunction with Management Board staff and prepared on that basis. As I say, as a result of that submission, we did get instructions about how we were to carry it out.

Briefly, as far as the building is concerned, the government has once more gone--I say "once more," because we have had a number of discussions with the British Columbia government about whether it was interested in the building, and it had always been negative. However, as a result of comments and inquiries, the Premier (Mr. Peterson) went back once more to the Premier of BC, asked whether they were interested and told them we were proceeding with the demolition. To date, we have not had an inquiry, but all indications are that they are not interested in it.

We have also prepared, and the minister has sent, a similar letter to the city of Vancouver. We have not had any official reply to that, but the indications are that the response will be the same. On that basis, and following again through the instructions we have that the reply is negative, as we expect it will be, we will demolish the building; it has to be out by January 31, as per the terms of our agreement with the Expo 86 people.

As far as the light exhibit is concerned, the committee members who were in Vancouver are aware that most of those were owned by various Ontario companies, and they were there on the basis of a contractual agreement with these companies that call for them to be returned to the companies themselves. Of course, they will be returned, and any of the rest of the items we actually own will be disposed of, or in some cases items such as the Spar Aerospace arm will be offered either to Science North or to the Ontario Science Centre.

As far as Reflections, the dark exhibit, is concerned, within the next couple of days you will see an ad in the paper--at least, in the Globe and Mail plus other papers, particularly in BC--in which we are going to offer the dark exhibit for sale as it is at present, minus, of course, anything that was leased, and some items were leased. If there is a bid, we will consider that bid. Otherwise, if there is no interest in selling it on that basis, it will be demolished and the equipment will be offered to Science North or Ontario Place on the condition that they would have to pay to bring it back, and everything else will be sold. Leased equipment, of course, as I said earlier, will be returned.

The 3-D film has created a good deal of interest. The Ontario Science Centre and Science North have both expressed a real interest in the 3-D film. The recommendation has been made, and the board has approved, that it go to Ontario Place on the basis that it pay for dismantling it, transporting it and setting it up at Ontario Place but that it give copies of the 3-D film to Science North, where I understand they have arrangements already for a 3-D film.

With the restaurant, any equipment that is owned--some of it is leased but most of it is owned--will be put up for sale on the basis of the usual Ontario specifications and standards for selling equipment. That can be by auction or by putting an advertisement in the paper. It looks now as if a lot it will be auctioned off in BC.

14:20

The other items such as the furniture in the apartments and things such as that will be offered to the various ministries and will be given on a first-come, first-served basis. The ministry will be responsible for packing it and bringing it back if it wants them. All the other items will be disposed of by the most economical and cost-effective means. Any items that have little recoverable value will be offered to charitable organizations in Vancouver.

With these remarks, I say again that we followed the instructions of Management Board to go back to it in the summer of 1986. We have done that. We have these instructions at this time, and the administration is proceeding on that basis. I have been in Vancouver and have met with our staff. We also have the help of the director of supply and services with the Ministry of Transportation and Communications, and this is the direction we are proceeding in at this time.

I am here for any comments or questions you may have.

Mr. Chairman: Thanks, Mr. Gilbert. Before we get into questions, you mentioned disposal of furniture in apartments. Was that an error?

Mr. Gilbert: No. We had apartments for our staff, the commissioner and deputy commissioners. That furniture was supplied by the Ministry of Government Services. The furniture is going to be offered to the various ministries in Ontario provided they are prepared to bring it back.

Mr. McLean: What would that furniture be worth?

Mr. Gilbert: I do not know. As to total value, I do not have that; I can get it.

Mr. McLean: Is it \$10,000 or more?

Mr. Chairman: We have a questions list.

Mr. McLean: Am I first?

Mr. Chairman: No. Sorry about that.

Mr. Gregory: Nice try, Al. Mr. Gilbert, may I call you Harold?

Mr. Gilbert: Yes, you certainly can.

Mr. Gregory: I know we are all great in retrospect, in hindsight. It was the previous government that did the initial planning and the present government carried it forward; so I am not being political. When this was being planned, would it not have been better to have had some agreement with the BC government to take over any building we had or, failing that, could a building not have been designed that could have been disposed of with a greater salvage element?

It seems to me from what I saw that there was a lot of poured concrete that is not salvageable and a lot of things that are permanent such as one great wall treatment I saw that was excellent. I imagine it is not salvageable; it will be smashed under the wrecker's hammer. I think that stuff is costly. I would love to have some around my house. Could it not have been done in such a way that a greater value could have been achieved from the sale of the building, failing, as you did, having an agreement from the BC government to take it over and maintain it?

Mr. Gilbert: It was always understood that the site had to be cleared after Expo was over. The BC Expo 86 people told us right from the beginning that the only buildings they were going to maintain would be the BC pavilion as the corporate headquarters for BC Place that is there and one other building that is part of the development of that site. We understood right from the beginning that that building had to be removed.

Going back to the beginning, the architect was instructed, and he complied with those instructions, to build that building so it could be taken down. If you notice, it is all bolted together; it is not welded. You can take that building down, and while you cannot bring concrete back, you can bring the steel and everything that is with it back to Ontario. One of the things we were asked to look at was the possibility of bringing it back.

However, we asked the Ministry of Tourism and Recreation to take a look at that--this was well after we were into it--to see where the building could go and what its estimate of cost would be to actually bring it back and set it up. One of the things it pointed out--and I agree on this--was that this building was built for high-volume capacity crowds. It said there was no place in Ontario where one could put a building such as that. It was completely unnecessary. It also said that the major part of the cost was not even the building per se; it was the preparation of ground, parking and everything else that goes with putting up a new site. It suggested that if the Ontario government wanted to put up a pavilion somewhere, whether it be in Barrie,

Collingwood, Hamilton, at Ontario Place or what have you, then it would be better to design a building for that area rather than trying to bring that building back.

The other point I want to make is this: I keep hearing comments about the cost of tearing it down. The estimate we got for tearing the building down, including the administration, is about \$200,000. We have no reason to believe it will be anything more than that, recognizing that a lot of that material is salvageable. For instance, there is a lot of interest in the roof. There is a lot of interest in those types of things. That comes into the price when we get bids for actually tearing the building down.

In hindsight, I would still do the same thing. We were asked to have a presence in BC. We have had that. A lot of the material you see that still looks very good, because of maintenance and what have you, was actually built by the architect to self-destruct after a certain length of time. We are holding on to carpet, railings and such things at this time until it finishes as of this coming weekend.

Mr. Gregory: Yes. I had heard the sum of \$1.5 million for the demolition of the building. You said the figure is \$200,000. Initially, we had heard \$14 million for the building, and we ended up with \$30 million. Do we have any reason to believe that the demolition costs will hold the line any more than the cost of the building did?

Mr. Gilbert: I am glad you raised that, because I want to clarify it. Our first estimate of that building was around \$14 million. I am talking about the building now; I am not talking about the full operation, the exhibits and what have you.

When we first prepared our estimate and the architect came to us, the building cost was \$14 million. I and the other board members said: "We feel that is too much money. We like your design and everything else," and they came back on that basis with an estimate of \$11 million in 1982 dollars. Today, that building is \$11.5 million. That building cost \$11.5 million in 1983, 1984, 1985 and 1986 dollars. I feel that building, for a number of reasons, was kept right on as far as cost is concerned. Any increase in cost came from some of the problems we ran into with the dark exhibit, but some of those we ate up. There were tradeoffs in some areas. The main cost came in the full business of the operations.

14:30

In 1983, when we first came to government, we said we could be firm on the building itself and we could be firm on the exhibits, the film and things like this, but as far as the operation was concerned, we had no idea how successful Expo was going to be. Depending on how successful Expo was going to be, it would mean how successful Ontario's pavilion was. Our operational costs this year have increased a great deal, mainly because we have been very successful. At that time, we were told--I do not know how many were there, and this is not unusual for government--"Do not talk to us that much about operational costs. Wait until 1986 and come back and talk to us then when we see what will happen out there."

We did that. We came back to the government in 1986, and that is when we went from \$25 million to \$30 million.

Mr. Gregory: I will let you get in a supplementary in a minute, but I want to chase this one down a bit.

Mr. Gilbert: Yes, sure.

Mr. Gregory: We have spent \$11.5 million on the building. We really cannot salvage a lot of that, I gather. Is every country or every province that supported a large structure--I guess Russia, China, the American one--faced with the same losses?

Mr. Gilbert: No.

Mr. Gregory: Is none of their buildings salvageable?

Mr. Gilbert: Under this type of exhibition, only the provinces and the federal government were told to build their own buildings. The rest of the countries had to go in the modular buildings that were built by Expo '86. In turn, they charged rent back to these countries. They include the United States, Russia and any other foreign country, all of which had to go into those modular buildings on the basis of a rental charge.

Mr. Gregory: Okay. Back to the first question then. Having said that, would we not have been better to go the modular building route? Judging from the results we have had about the amount of business generated, which has not been monumental at this point at any rate, would we not have been better to do what the Russians did or what the Americans did and gone the modular method? It would have been a lot cheaper for the people of Ontario. Is that not correct?

Mr. Gilbert: To answer your question, I want to say I disagree when you talk about the value to Ontario. I feel the people of Ontario have had good value--

Mr. Gregory: No. I am thinking in terms of material sales of Ontario products and this sort of thing.

Mr. Gilbert: Yes. I was just going to say that. The Ministry of Industry, Trade and Technology people have been there right from the beginning. They were part of our operational people. This is not Ontario Pavilion Inc. that is talking or the Ministry of Transportation and Communications or anyone else. Industry, Trade and Technology people say they can track through \$30 million a year in sales that came out of the products we have demonstrated, products such as the Ontario Bus Industries Inc. bus.

Mr. Gregory: You have hit the only one on which they have anything definite in the inquiries to Ontario Bus.

Mr. Gilbert: But there are other inquiries of practically everything that is there, Mr. Gregory. There have been. To go back to the modular building, I do not feel you or anyone else in Ontario would have been satisfied if it was known that every other building would be a modular building and the Ontario government went out and put up a modular building and started to put in its exhibits and what have you. I feel our pavilion is ranked, if not number one, very close to number one. As far as I am concerned, we have done what the people of Ontario wanted us to do. I do not get complaints from a lot of people or, for that matter, from anyone, particularly from members of the public who have been out there.

More than one million Ontario visitors have gone out to Expo 8, and, believe me, I have talked to a fair number of people, whether they be businessmen or someone such as my neighbour, a farmer in Grey county. All those people have been very proud of the effort we have put forward out there.

Mr. Gregory: Mr. Gilbert, I am proud of it too. You will not get any suggestion from me that we should not be well represented. I dare say every neighbour of mine who might have seen it would say, "Ontario's pavilion is wonderful," but I wonder whether they might think the cost of \$30 million overall was so wonderful. I do not know that. You seem to have the knowledge from talking to these people. I only meet 30,000 constituents a week.

Mr. Gilbert: Let me say this. A few other things have flowed out of it. There are 200 and some employees altogether. Granted some of them are in British Columbia, but a lot of Ontario students have worked out there, some of the finest young people in Ontario. All the Ontario students have been very proud to represent this province, and they have represented it very well. I mention that as something that has come out of this.

I mentioned the tourism aspect of it, but these are people who have been out there. A lot of things have flowed out of our presence there. To answer your original question, and pardon me for taking so long, I do not think you or anyone else would have been satisfied with a modular building. It would have cost money as well, but I do not think you would have been satisfied with the same type of modular building anyone else has.

Mr. Gregory: I do not think I would have been totally dissatisfied, Mr. Gilbert. We have a rather prestigious building out there. There is no question about it. It probably makes us look very successful and gives BC a chance to talk again about the eastern bastards with all the money.

Mr. Gilbert: I do not think they do.

Mr. Gregory: Since you have raised the fact of the students going out there to work and represent Ontario, I do not think they would have cared whether they were in a modular building or whatever; nor would most of them have cared whether it cost \$30 million or \$3 million. I do not think they were thinking along those lines. They were thinking of representing Ontario and doing it very proudly. That is not really what I am after.

What I am after is whether we could have designed a building that could have been a little more salvageable than this one is and done it for less. I think you have already answered my question.

Mr. Gilbert: And taken a long time to do it.

Mr. Gregory: You gave me a very good answer. We call it skating.

I have a couple more questions. Speaking of the staff, the original estimate of population attendance was 20,000 a day passing through the building. I understand that figure was down to 16,000 a day, but you still found you had to hire more help as guides. You planned for 20,000, found there were 16,000 and had to hire more guides. What happened? Were these people not working hard enough?

Mr. Gilbert: No. The staff all worked extremely hard. What happened is, granted our average is about 16,000, but on weekends it is up to 18,000.

What has controlled the amount of people going through our pavilion is the number of people you can put into our theatre, which holds 750 people. We had to start in the morning and show a film straight through. That is how we made our count.

When we use the figure of 16,000, 18,000 or whatever we use, that is the number of people who have gone through the theatre. That does not mean there are not other people who come in who may have been through the pavilion once or do not have time or go up into the restaurant or something like that. It is based on the size of the theatre, the number of people we could get in and control and the scheduling. You had to go, once it started in the morning. There was no problem in the morning, but in the afternoon, to keep to your timetable for the film, you had to go with whatever you had in the theatre. You could not wait for it to fill up. Your average, whatever it is, 16 or 18, is based on the flow of people through the theatre itself.

14:40

Mr. Gregory: When they were doing the estimate of how many there would be and they came up with 20,000, did they use different criteria?

Mr. Gilbert: I do not think we realized at that time how much the theatre would control the number of people. That is why I say the count we have is based on the number of people going through the theatre and not the number of people wandering around the theatre seeing the entertainment or what have you. It is based on the number of people going to the theatre.

Mr. Gregory: I remember a little while ago there was quite a kerfuffle going on regarding the kitchen. I think my friend Mr. Rowe brought it up.

Mr. Gilbert: Yes.

Mr. Gregory: I saw the facility before the kitchen was put in, the ovens, the refrigerators, the stainless steel and whatever there was. Were they leased or do we now find ourselves in the position of having to sell them as used equipment?

Mr. Gilbert: Some material was leased and some was bought. It was a combination. That is why, when I was saying how we would handle various things, I said that anything leased would be returned. It was going back to the restaurant itself.

It was always understood there would be certain things, such as stoves, refrigerators and what have you, that would have to be bought, once we selected who would operate our restaurant. As you know, we went out for proposals and we got seven very good ones. They were narrowed down to three and we set up a committee of the board that interviewed. These people were knowledgeable in restaurant operations. We then met with the three short-listed people and Franco Prevedello was chosen from that list.

After he was chosen as the one to operate it--and this was all part of how we laid it out--he had to come back in and say how he was going to operate the kitchen. Anyone who is aware of that kind of restaurant operation knows that different restaurant operators run kitchens differently. On that basis, he sat down with the people who had advised us in the first place of what the overall cost would be, together with our staff, and brought to the board what

was going to be needed. That was always part of the proposal. Nothing was left out in the beginning. That was the way we planned to operate from the beginning.

Mr. Gregory: It will all be disposed of in some fashion?

Mr. Gilbert: That is right. It will be disposed of with the exception of--

Mr. Gregory: Could you get a couple of those pieces for our legislative dining room? We need a little help down there.

Mr. Gilbert: Put in your bid.

Mr. Gregory: Maybe you could start with the chef.

Mr. Gilbert: Franco has been very successful. Now that Mr. Gregory has give me the opportunity, for the benefit of the committee, the month of September was the best month we had. We grossed more than \$1 million. Going back to the time when we put in our estimate of what we were going to gross in the restaurant, we said about \$2.85 million to \$3.5 million. In June 1986, we revised it to around \$4 million and we are going to have more than \$4 million gross. The net will be more than \$1 million.

Mr. Gregory: It will be \$1 million net for the four-month period.

Mr. Gilbert: To give you a few more statistics, we have been running about 30 per cent profit, which the British Columbia revenue people say is very good for that area.

Mr. Gregory: You would think the BC government would want to keep it open at that same rate. There is money in it.

Mr. Gilbert: They would want Franco as well.

Interjection: And the Ontario wines, of course.

Mr. Gregory: Oh, no.

Mr. Gregory: I have one more quick one. You said the cost of demolition is going to be about \$200,000.

Mr. Gilbert: Until we were going to Management Board last spring, we had not put in any estimate for disposal. When we went to Management Board, at that time we had gone out to various contractors to get what it would likely be, and the estimate provided was that it would be around \$200,000 for the administration as well as the actual disposal.

Mr. Gregory: Thank you.

Mr. Philip: Coincidentally, you just touched on what was to be my first question. I find it very hard to understand how Management Board originally allowed you to put in a budget that did not include the demolition costs when you knew that under the terms of constructing that pavilion it was going to have to be removed. Can you explain that?

Mr. Gilbert: This goes way back to the beginning. At that time, as I say, we were still deciding--and we constructed the building the same way--whether we would be bringing it back, giving it away or what have you. We made no secret of the fact that we had excluded demolition costs when we put in that budget because we did not have that information. It was after that--in fact, I guess during that time--that we asked the Ministry of Tourism and Recreation to do the study I referred to, to look at the possibilities of bringing it back to Ontario.

Mr. Philip: That is an interesting scenario, because when I asked your officials about it, they gave me the impression that it was just an oversight that you had forgotten to put in the demolition costs, that at that time Management Board simply did not think of asking, and that you prepared a budget that did not include the demolition cost.

I find it unusual that they quoted a figure of \$3 million for demolishing, and now you are quoting a figure that is about one eighth of that. I find it unusual that at the time the architect designed it you would not have had some estimate built into your budget of the actual cost of demolition. Now you have estimates that range from the present \$200,000 to the \$3 million your officials in Expo seem to think it would cost to demolish the building, if it has to be demolished.

Mr. Gilbert: Let me say I do not know whom you were talking to as far as officials are concerned, but I have been part of the Ontario pavilion from the beginning and most of our officials have not. I can tell you that from the beginning we did not know whether we would be bringing it back or leaving it there. That is why we instructed the architect to build it so that we could bring it back if it was decided to do so.

However, when all the questions were flowing around and what have you, that is why we asked the Ministry of Tourism and Recreation to do a study. It was not an oversight and it never has been an oversight in terms of the demolition. It was always understood that we had not included demolition costs.

Mr. Philip: Can you give us a final estimate of what you feel the total cost of the pavilion is, including the operational costs?

Mr. Gilbert: It is \$30 million, and that is not offsetting any profits from--

Mr. Philip: You are anticipating my next questions, but okay, it cost \$30 million. Is that give or take a million or is that a ball-park figure? Is that give or take a quarter of a million? How close is that \$30 million?

Mr. Gilbert: I think you know me well enough to know that when we are working on \$30 million, that is what we are working on, the \$30 million figure. If something--I am not saying what--completely unexpected came up, then of course I would come back to Management Board and say, "This is why we are back," but we are working on a \$30-million figure.

14:50

Mr. Philip: I accept your explanation that because of the success of it, perhaps there were costs you did not anticipate. What was the original estimate?

Mr. Gilbert: For operation?

Mr. Philip: No, for the total cost.

Mr. Gilbert: We have it here. I will go through it. In April 1983, the original cabinet project approval was \$22 million. In June 1985, there was inflation and more information on exhibit purchases; I mentioned the dark exhibit earlier. At that time, in June 1985, it was decided that we would have an entertainment package. Prior to that, no entertainment package was planned for the amphitheatre. That \$1 million was an add-on for an entertainment package and that brought it up to the \$25 million.

Mr. Philip: May I stop you there?

Mr. Gilbert: Sure.

Mr. Philip: That extra \$1 million does not include any of the Wintario funds to bring talent from Ontario to that entertainment package.

Mr. Gilbert: Very little. Anything that was given to entertainers to help them out was not very much. As far as the Ontario pavilion was concerned, we had an amphitheatre and it was up to them to find funds whatever way they could. We did not pay anybody to come out.

Mr. Philip: I understand there were funds that some groups could get to assist them to go.

Mr. Gilbert: There were some, but that was through the normal process they go through to get assistance, whether it be from Wintario or Citizenship and Culture.

Mr. Philip: The \$1 million does not include the extra that the groups got through whatever that project was. I know the money ran out fairly early because there were groups for which I made some inquiries and they could not get it.

Mr. Gilbert: It was a very small amount. Out of that, the Humber College people were part of the \$1 million. Mr. Philip, as you know, the core entertainment was the Humber College people. When the government approved our putting together an entertainment package, we went to two colleges, Sheridan and Humber, and negotiated with them. They put on a course as part of their year last year and provided the core entertainment. What they paid the students is an add-on to what I was talking to Mr. Gregory about, the number of students out there. They provided the core entertainment. As I recall, we gave them around \$350,000. It was somewhere in that area. That was a large part of the \$1 million. A lot of the other came in the facilities. When I say facilities, I mean dressing rooms and what have you. They were not large. It was those kinds of things pertaining to the entertainment.

Mr. Philip: If I subtract the \$1 million for the entertainment package, you have a cost overrun of roughly \$7 million, minus whatever you get out of the retrieval of materials and so forth. Do restaurant profits reduce the \$7 million as well?

Mr. Gilbert: As you know, any funds have to go to consolidated revenue. Management Board set up the restaurant operating funds that allowed us to operate, to buy the food and everything else that went in it. In turn, all the revenue goes to consolidated revenue.

Mr. Philip: You have a cost overrun of roughly \$7 million.

Mr. Gilbert: Mr. Philip, I do not like to use the term "cost overrun." It is not a cost overrun. As I said to Mr. Gregory--

Mr. Philip: It is \$7 million more than you budgeted; I do not know what else it is.

Mr. Gregory: No. I told Mr. Gregory it was the understanding in April 1983 that we would come back in 1986 in front of the board to explain the money we needed in the operations.

As I mentioned to you, original funding was primarily with the building--\$11 million there--and there was some granted for administration. But at that time the government said, "Come back in 1986 when you know how it is going to run." That is why I disagree with you. I cannot see how that can be considered a cost overrun.

Mr. Philip: But your administrative projections were low. Otherwise you would not have had to go back.

Mr. Gilbert: No. You have been around government a long time. If there was a rule of thumb that one third was for the building, one third for the film, exhibits and what have you, and one third for operations, for me to go in on that basis and say that, based on 1982, when we are putting this thing together in 1983, "It looks as if we are going to need \$10 million in April 1986 for a promotions and operating fund," you know we would be told, "Look, come back when it is closer to it and give us more information before we just allot you \$10 million."

Mr. Philip: If I am going to okay, as the Chairman of Management Board, the cost of something, then I want to know what it is going to cost as realistically as possible, building in the inflation factor when I finally have to pay the bills. What you have is a cost overrun of \$7 million.

Mr. Gilbert: You can call it a cost overrun. I do not happen to agree with you.

Mr. Philip: It is costing \$7 million more than they originally approved.

Mr. Gilbert: Yes, but another thing is that 1983 dollars are not 1986 dollars and you know this.

Mr. Philip: No. I also know that when you go before Management Board you are smart enough to build in an inflation factor. You do this in any project. Ontario Hydro builds it in.

Mr. Gilbert: Ontario Hydro might be able to do that. I am not an expert on Ontario Hydro. But I can tell you the Ontario government has never allowed us to build in inflation factors any time I have been involved, including today.

Mr. Philip: They also have cost overruns. I have argued with the Chairman of Management Board that is why they end up with unrealistic projections of the costs. It is very difficult to make decisions concerning value and whether to go ahead with projects if you do not know what the actual cost is going to be, albeit that inflation can change. You have to build in an inflationary cost. Otherwise you end up with this kind of situation.

Let me ask you on the recovery costs, what are the anticipated recovery costs? Let us deal with it one at a time. I assume you have some royalty arrangement for the 3-D film, or is that given gratis to Ontario Place?

Mr. Gilbert: It is given gratis to Ontario Place.

Mr. Philip: Will there be additional costs at Ontario Place because it will have to be equipped for 3-D?

Mr. Gilbert: Ontario Place is the best one to say what is involved. As I understand it, they have to do some work in regard to bringing out our screen. They will get the screen as well. There are some costs involved in that. I was wondering if there was anywhere here where I had the cost of that.

Mr. Philip: Originally, we were told it could not go to Ontario Place because it was not equipped for 3-D; it would go to Sudbury. Now we are told it is going to go to both. If it was originally turned down for Ontario Place because it was not equipped, I assume there is going to be some additional expenditure to equip it.

Mr. Gilbert: As I understand it--and I do not have it in front of me--for bringing us back and everthing else, it is about \$100,000. As I say, they are in the best position to tell you how much that would be. I cannot tell you.

Mr. Philip: What is the recovery expected through the sale of equipment and other facilities that are not being given away?

Mr. Gilbert: About \$1 million.

15:00

Mr. Philip: That would be substracted from the \$7 million?

Mr. Gilbert: You can do it that way, but as you know in government financing--

Mr. Philip: I realize that, but I like to know what is happening.

Mr. Gilbert: We would like to deduct the restaurant revenue as well.

Mr. Philip: I do not care which pocket it is in; I would like to know how much money I have.

Mr. Gilbert: About \$28 million, to answer your question, if you consider the restaurant, which would be \$1 million profit. Remember that profit goes to consolidated revenue. I said about \$1 million for recovery, so it would be \$2 million off the \$30 million.

Mr. Philip: If we account for whatever moneys we are getting back, whichever government pocket we are putting them into, the total cost for the Ontario pavilion is \$28 million.

Mr. Gilbert: That is right.

Mr. Philip: In terms of the Urban Transportation Development Corp. and the experimental transportation systems that were out there, did any contracts result from that? I recognize that we have UTDC coming, but from your experience are there contracts signed, sealed and delivered yet?

Mr. Gilbert: I cannot comment on that. As I said earlier, the Ontario pavilion had enough problems looking after it. We made the facilities available for the Ministry of Industry, Trade and Technology and for UTDC. You would have to ask UTDC about its follow-up.

Mr. Philip: You gave a figure earlier about the amount of sales we got.

Mr. Gilbert: One of our staff people told me that the Ministry of Industry, Trade and Technology estimate was around \$30 million.

Mr. Philip: Does that include UTDC sales?

Mr. Gilbert: I do not know.

Mr. Philip: If you sold one of these things, it would amount to that, I would think.

Mr. Gilbert: If you did, sure.

Mr. Philip: You come from a long transportation background. They were down to a short list of somewhere around five or six cities, were they not?

Mr. Gilbert: I cannot comment on that. I will comment that if it makes a sale, whether it be in Philadelphia or what have you, any sale of any transit equipment is always well up in the millions.

Mr. Philip: Do you have any figures of the total cost of the Saskatchewan or BC pavilions?

Mr. Gilbert: I had those costs a couple of years ago. I was interested in the same thing; whether we were in line. I do not have them right here. At that time, we were in line with what provinces such as Saskatchewan and Alberta were spending out there. In fact, I would say that Saskatchewan and Alberta have both put a good deal of dollars into theirs, particularly their operation. I do not have a comparison here at this time and it would not be very meaningful because it was the base cost of the pavilions.

Mr. Philip: Did the \$28 million that you quoted me include the cost of running Ontario Day at Expo or was that a separate cost?

Mr. Gilbert: No.

Mr. Philip: That day, you had to pay for all the fireworks and all the balloons, etc.?

Mr. Gilbert: That was part of the operating costs. I do not want to get into a discussion with you again, but going back to 1983, I did not know whether we were going to have balloons or what we were going to have for Ontario Day. We had no idea what kinds of things would be involved in the operation, but it was all included here.

Mr. Philip: I am sure you will forgive me if I nickel and dime you, but I cannot resist asking this question. One of the things that I found somewhat humorous was the reordering of napkins in a different colour from blue to red. I am wondering how many items, such as matchboxes, swizzle sticks or whatever, were reordered in a different colour after the change of government.

Mr. Gilbert: I think you named them. I am not aware of--

Mr. Philip: Flags and banners and things such as that.

Mr. Gilbert: Flags had not been ordered at that time.

Mr. Philip: You just changed the colour of the flags, did you? I am talking about the banners in front of the pavilion, not the Ontario flag.

Mr. Gilbert: The colour scheme of the pavilion was set by the architect and the designer. As you know, when you went around, it followed through from there. Whether we had matches in blue or white or red as we moved along is something that was not a big decision, deciding whether we were going to have red or white. We certainly did go out and change the colours around.

Mr. Philip: Whose decision was it to change the napkins?

Mr. Gilbert: I do not know whose decision it was.

Mr. Philip: Someone might argue it was one political party that decided to change the colours in Ontario.

Mr. Gilbert: We ended up with red, white and blue.

Mr. Philip: There is no orange there anyway. I found it interesting. I am just waiting for the Legislature dining room to change colours and to ask that question in public accounts.

Was there any attempt to sell the pavilion to private enterprise? Would there have been a restaurateur or somebody like that who could have used it or bought it for commercial purposes?

Mr. Gilbert: One of the biggest problems is that it would have to be removed from BC Place. We did have some interest a year and a half or two years ago that was passed on to me. No one asked me directly, but indirectly someone said there was someone who was interested in buying the pavilion and moving it to a new site in BC.

As I said when I was speaking to Mr. Gregory's question, the biggest problem is that the pavilion was designed for huge crowds. To find a site and to find the capacity of people for a pavilion designed for crowds would be very difficult.

Mr. Philip: It is a beautiful pavilion and I understand that, but one wonders if progress is being made. Interestingly enough, I went at my own expense by bus down to Seattle to see what had happened at the site there. The buildings at that site are being used. There is a park area and a theatre. Part of it had to be demolished, but large sections are being used for public use. I gather BC is going to turn that whole thing into a condominium-style development.

Mr. Gilbert: As I understand it, that debate is going on right now. There is a lot of pressure on the BC government to use some of these buildings. In fact, as of yesterday, I understand the Honourable Grace McCarthy said the BC pavilion was going to remain in place until December 31 with people going through it just as it is. There is pressure on them to keep some other pavilions such as the Omnimax and the in-house transit line they have. I guess one of the reasons the Premier (Mr. Peterson) wrote a final

letter to the BC government is that we continue to get these kinds of vibes. We will not actually call a contract until we get an answer from them.

Vancouver or BC is running into the same thing as Seattle and Montreal did. There is always the debate afterwards, "It is a shame to tear this down," but it was always understood, certainly from the point of view of BC Place, that the whole thing should come down.

Mr. Philip: Maybe you will get an answer from a different Premier.

15:10

Mr. D. W. Smith: I did not get out to see Expo this year, so I may be talking a little bit in the dark here. I just wonder what all the promotions cost to sell Expo and, in particular, what did the brochures cost?

Mr. Gilbert: I do not have the cost of the brochures. As far as promotions are concerned, it is very difficult to separate that from the normal advertising that goes on prior to an exposition. Ontario certainly worked with BC. For instance, they came here long before they opened it. We worked with them to provide as much promotion as we could for Expo. But to give you a figure of how much it cost for promotions, I would have to have a little more in terms of exactly what part of those promotions we are talking about.

Mr. D. W. Smith: Maybe promotions were just taken out of general funds, as they normally are every year, and they just added Expo as more advertising.

Mr. Gilbert: One of the things that happened was that anything to do with Expo was naturally put into the Expo budget. As I say, the ongoing advertisements, the contacts with the local papers here, the groups coming and everything else such as that would be part of the overall administration and promotions, such as Mr. Philip was talking about--Ontario Day and the opening day. I can give you those figures, but I do not have them right here.

Mr. D. W. Smith: You do not know what the brochure itself cost to produce.

Mr. Gilbert: The original one?

Mr. D. W. Smith: The Ontario Expo brochure.

Mr. Gilbert: No. I could not tell you that at this time. We put out several. We put out one right at the beginning, and then we put out several as we moved along. We also put out the brochure for the dark exhibit. I could provide you with a detailed breakdown of all those. We had to keep them separate, but I do not have them right here.

Mr. D. W. Smith: This may be hindsight, but do you think there was a flaw in the architectural design of the whole of the Ontario pavilion that slowed down the numbers of people who could flow through it? You did not get the numbers you wanted.

Mr. Gilbert: We always had a waiting list of up to two or two and a half hours. As far as popularity is concerned, we were one of the most popular pavilions out there. When we designed that pavilion--and regardless of whether we are arguing about 16,000, 18,000 or 20,000--we were very pleased that we were successful, but I do not think we ever expected we would be able to

accommodate people to walk straight through it, because to do that, you would really have got into cost.

I go back to what I said about the controlling factor being the theatre. I do not think it would have been reasonable to build a theatre for any more than 750 people. The board had a lot of debate about the size of that. In fact, originally we talked about 500 and then we jumped it up to about 750 people. But to get beyond that, 750 people are a lot of people to put into a theatre, and that was the controlling factor. It did not stop a lot of people who continued to go into the restaurant and what have you, but that was not in the figure we came up with.

Mr. Poirier: You said you had about 18,000 people a day in that; is that right?

Mr. Gilbert: I said that the average--and remember, when you talk averages, you talk of opening day all the way through.

Mr. Poirier: Of course.

Mr. Gilbert: As I understand it, the average is about 16,000 on weekdays and about 18,000 on the weekend.

Mr. Poirier: Fair enough. Did I hear you say you had expected maybe 20,000 per day as the long-term average?

Mr. Gilbert: That was what Mr. Gregory pointed out. There was a figure of perhaps 20,000 as a guide, but again I have to go back to the fact that the theatre was the controlling factor there, and that is how we make the count.

Mr. Poirier: It seems to me my feedback comes from having been there about a month ago, when they were getting record crowds and what have you in September. Personally, standing and waiting in a line for two and a half or three or four hours is against my religion. I figured, how the heck could we have changed that in the design and relieved it so people would not have to sit down and play cards while waiting to get into the Ontario pavilion? Is there any way that could have been done, considering you had originally thought of a 500-person theatre and were anticipating maybe 20,000 a day, when you had 16,000 to 18,000 and a 750-person theatre and you still had lineups?

Mr. Gilbert: I think the figure of 20,000 was the basis on which we came up with the 750-person theatre.

Mr. Poirier: Okay.

Mr. Gilbert: I have to say again that the possibility of letting people in to wander around and then saying, "No, you cannot go through the theatre," or "You will have to wait in there until you go through the theatre" was discussed within the board ad infinitum, and that is why we decided the best thing to do was to control the crowds coming in.

I say again it was good to be popular. I do not think we ever anticipated we would be as popular out there as we were, but to try to plan for that and put in a 1,000-person or, as you suggest, a 1,500-person theatre, was beyond reason. Then we would have been here talking about a lot more costs in terms of that pavilion. That theatre is a big one.

Mr. D. W. Smith: I thought I heard you mention a short list of cities that were possibly interested in this pavilion. Was Sarnia one of them?

Mr. Gilbert: I do not recall Sarnia expressing an interest. I know Barrie, Collingwood and Hamilton did. Some of the others may be in eastern Ontario--maybe Kingston, but I do not know. I do know those three in particular were quite interested in the pavilion coming back.

Mr. D.-W. Smith: Maybe it is not even feasible to move it to Sarnia, we will say; I do not know. Do you have any figure in your mind that it might cost to bring that down?

Mr. Gilbert: All I can do is to quote what was given to me by the Ministry of Tourism and Recreation in 1984. Remember, as I said earlier, these included parking lot costs and everything else that goes with it. They used the figure of around \$12 million as what it would cost to bring the building back and set it up ready to operate here. That is what we asked them to do; that was after discussions with the architect and the costing people for the architect.

It was after we saw the \$12 million figure that, as a board, we felt there were only two alternatives. Naturally, one was to dispose of the building; the other was to see whether BC wanted the building out there. That is why, as I said earlier, we have gone back on three different occasions and asked every time we could whether there was an interest. We finally ended with the Premier writing a letter a month ago.

Mr. D. W. Smith: How big a site would it take for the parking lot and the pavilion in total?

Mr. Gilbert: I could not even comment on that, because it depends so much on the location. You would only put in a parking lot based on the crowds you would expect. As I said earlier, this was one of the problems in bringing back a pavilion that was built for the crowds we have been talking about. To bring it back and put it in Collingwood or Barrie, most of the time you could basically shoot a cannon through it.

Mr. D. W. Smith: Thank you.

15:20

Mr. Rowe: Mr. Gilbert, I am interested in the Ministry of Tourism and Recreation's response when you were charged with the job of looking into the possibility of bringing it home. Could you read me back the response? You read it originally in your opening remarks.

Mr. Gilbert: I said that when we were in the middle of discussions about the possibility of bringing it back, the possible sites it could go to and so on, we went to the Ministry of Tourism and Recreation. We had their deputy on the board at the time, and he asked his people to do an estimate of the cost not only of bringing it back but also of setting it up in a new location, wherever it might be, Collingwood or so on.

They looked first at what sites this type of pavilion would be suitable for and, second, at the cost estimate. The estimate they gave us was around \$12 million, but that included not just bringing it back, as I said, but also re-erecting it and putting in the parking facilities and everything else.

Mr. Rowe: Obviously, the cement and the rest of it would stay there, but the \$12 million included the cost of bringing the rest of it home, the superstructure; is that it?

Mr. Gilbert: That is right. They would put new concrete back in. Concrete itself is expensive--you and I are buying it--but it is not--

Mr. Rowe: You would not bring it home.

Mr. Gilbert: You would hardly bring it home.

Mr. Rowe: So included in that \$12 million cost were the 3-D film, the exhibits, the travel exhibit, themes--the whole thing?

Mr. Gilbert: No. This was the pavilion itself.

Mr. Rowe: Just the pavilion?

Mr. Gilbert: Just the pavilion. That is all we asked them to do: bring back the pavilion.

Mr. Rowe: We know where the 3-D film is going. What is going to happen to the rest of the exhibits? Are they such that they will just be demolished?

Mr. Gilbert: No. As far as the 3-D film is concerned, as I said, it will go to Ontario Place. As far as the light exhibit is concerned, the majority of those products are still owned by the companies that put them out there, and we have a contractual arrangement with them that they will get those back. A lot of them are disposing of them out in BC.

As far as the dark exhibit is concerned, we are going to place an ad in the Globe and Mail and we will put it up for sale on an as-is basis; in other words, it is not torn apart. If we get bids on that, we will consider selling it. If we do not, we will proceed to demolish the dark exhibit and talk to the various Ontario agencies such as the Science Centre and what have you to see whether they have any interest in it. We asked Ontario Place if they had an interest in the dark exhibit as is, and they did not; I do not think they have changed their minds.

Mr. Rowe: What did the dark exhibit cost us in total to put together? It was one of the expensive items, I guess, that caused part of the overrun.

Mr. Gilbert: As I recall, it was around \$3.5 million for that exhibit. While I recognize that the contract for putting it up covered both the light and dark exhibits, Taylor Manufacturing did both. But as I recall, the dark exhibit was around \$3.5 million.

Mr. Rowe: So if we cannot find anybody to take it, we will put a ball to it and level it.

Mr. Gilbert: With a lot of those, when we start so-called tearing it apart, there are things in which there will be some interest, and we will work with the ministries to dispose of them. But we are going out to tender with it as is: There it is; bring it back to whatever site they want to bring it back or where they want to put it.

Mr. Rowe: Mr. Gilbert, you mentioned that approximately one million Ontario residents went through the pavilion.

Mr. Gilbert: No. I said that about one million Ontario visitors have gone to Expo. This figure was given to me by Pat Reid, the commissioner

general of Expo 86. I talked to him about a month ago. We gave him an estimate, and that is why he raised it.

Back in 1982, the poll we took showed that about 850,000 Ontario people would go to British Columbia. When we told him that--they found it difficult to believe it--his comment was, "Harold, you are low." They do a poll of the people going through every day, and they say there will be more than one million people from Ontario who will have gone through Expo 86. I presume that all of them have seen the Ontario pavilion.

Mr. Rowe: One would like to think our Ontario residents would not go all the way to Expo and not have a look at the Ontario pavilion.

Mr. Gilbert: When I was getting on the airplane one day, I met a young couple who had been to Expo. I asked them whether they had been to the Ontario pavilion. They said the crowds were too long and they did not go through it, but they were going back again and they would go through it then.

Mr. Rowe: That is the thing that bothers me about the whole pavilion issue. The Ministry of Tourism and Recreation's response was that it was a high-volume building and that a lot of people would have to go through it to make it financially feasible. They were not sure whether anybody had a site; they were not positive about that.

I did a rough calculation--and I must admit I have not seen the building in its natural, real-life form--that one would need about five acres to set the building on and probably another three or four acres for parking, which would mean a total of 10 acres. I have trouble grasping the Tourism people's fact that there would not be a city, such as Barrie, Collingwood, Sarnia or Thunder Bay, that could not find a spot to put this thing.

One of the problems I have is that if one million Ontario people visited Expo, unless they have changed the population of Ontario, there have to be about eight million people from this province who have not seen it. One of the difficult tasks I have relates to spending this type of money and not having some parts of it back, or financially not being able to bring enough of it home so that a city such as Barrie or Collingwood would be interested in taking a shot at putting it back together to say to the rest of the people of Ontario and our good neighbours of Quebec and the United States: "For those of you who have not seen it, come on up and have a look at this thing, because it is a great thing. It is a wonderful thing. We are proud of it." I have a feeling that there are a lot of people who have not seen it who would like to see it if we could somehow get this thing home.

What gets me is that the roof sections went out there. I remember a big to-do about them, looking as if we would have trouble putting them together and the problems one would encounter putting the thing together. It all went out there somehow, other than the concrete that naturally would be built around it when it got there. Now we cannot seem to get any of it home; it is just not worth while.

Mr. Gilbert: I did not say we could not get any of it home. I mentioned the cost of bringing it back and setting it up, recognizing that when you have it set up, you have a very high-capacity building.

I am the last person to be able to speak for them, but the people from the ministry were saying that if you were going to spend that money, it would be better to build a building that accommodated the crowds you expected, whether it be in Barrie, Collingwood, Sarnia or wherever, and put the 3-D and

the dark exhibit in. I do not think you would want the light exhibit in, because it changes, as you know. Certainly for the dark exhibit and the 3-D film, what they said was it would be better to build a building for them and put them in there. That was their recommendation.

Mr. Rowe: We could have reconstructed something we might call Ontario Pavilion II on a smaller scale and put it somewhere in a smaller centre other than Metropolitan Toronto, but back in Ontario.

Mr. Gilbert: That is basically what they were saying.

Mr. Rowe: You are the chairman, and I must congratulate you on a job well done.

Mr. Gilbert: Thank you.

15:30

Mr. Rowe: Would you agree it would be a major tourist attraction for some area other than Toronto that might possibly need a shot in the arm, such as Sault Ste. Marie or somewhere such as that?

Mr. Gregory: Mississauga.

Mr. Rowe: Mississauga or Sarnia. You were there and you saw the responses from the Ontario people who went through it. They were obviously genuinely pleased when they saw it.

Mr. Gilbert: You are asking me whether the dark exhibit and the film, which would be the two major parts, would be enough to put in a building to provide an attraction for the people of Ontario. My answer is quite obviously yes. It depends a lot on the type of building you put up and everything else that would have to be designed as part of it. I am not in a position to comment any further than that. I am stating my own biases. I am very proud of the dark exhibit and I am very proud of the film; so naturally I would have to say they are very attractive.

I also have to agree with the Ministry of Tourism and Recreation about bringing that high-volume building back, when a lot of it would not even be used. They said, "If you want to do that, it would be better to put up a separate building designed for a particular area and for the crowds you expect for that area."

Mr. Poirier: Can we go to the tear-down issue?

Mr. Gilbert: The what?

Mr. Poirier: The tear-down issue of the pavilion.

Mr. Gilbert: Yes.

Mr. Poirier: You may be able to confirm this for me. Was it not at the request of the Expo 86 board that the former government agreed to tear down the pavilion because it was built on reclaimed land?

Mr. Gilbert: The whole area is reclaimed land. Going back to the beginning, BC Place was put in place to provide the administration for the redevelopment of that whole area. The former Premier, Premier Bennett, and his government decided that as part of that whole thing they would like to put

together at that time Transpo 86 as the prelude to the whole development of the area. Anyone going there had to agree that whatever pavilion was there would be torn down. That was the condition of going on the site.

Mr. Poirier: That is right. That was quite a formal request and a formal condition.

Mr. Gilbert: For everything, not only for Ontario, but also for the whole site.

Mr. Poirier: Exactly. Unfortunately, there was no debate to be made unless they said, "We have changed our minds and you can leave it there." That would open a new debate, but they are not going to say that because they have had all along other plans for that site.

Mr. Gilbert: That is right. Exactly.

Mr. Poirier: Have you heard any news about whether the BC government was interested in extending the current Urban Transportation Development Corp. line to four or five more stations?

Mr. Gilbert: As I understand it, yes, there is an interest in it. There has been for some time an interest in extending it. Where those discussions are and where the government is with UTDC on that, I have no idea. Certainly, it has always been understood that they had an interest in extending the line.

Mr. Poirier: So that can still develop?

Mr. Gilbert: Yes.

Mr. Poirier: Have you had any feedback pertaining to the bilingual nature of the pavilion?

Mr. Gilbert: We have been complimented by the francophone community. Now that you have given me a chance to say this, we have also been complimented by disabled people. Anybody who has been there knows our pavilion is the easiest pavilion to get around from the point of view of the disabled. One of the satisfactions I get every time I am there is to see the number of people in wheelchairs who are using our pavilion.

Mr. Poirier: It is incredible. I noticed that myself when I was there. Can I give you some positive feedback on the bilingual capabilities of the pavilion that you might not have received yourself? I was watching the French-language equivalent of the Canadian Broadcasting Corp.'s The Journal. It made quite a report on the different pavilions at the Expo site. I was quite pleased when the reporter mentioned that next to the Canada pavilion, the Ontario pavilion was by far the most bilingual. Being a Franco-Ontarian, I was proud to hear that. He only mentioned the Ontario pavilion at that point. That was quite an achievement for Ontario and a laurel on the helmet.

Another group had a lot of praise for that. As I told you, I was there about a month ago, heading a delegation of the International Association of French-Language Parliamentarians. There were about 60 people. For a lot of them, French is their only or their second language and the vast majority had no knowledge of English. They were very impressed that they were able to visit the Ontario pavilion. I led them through the official visit at the pavilion and they were quite impressed that they were able to get those services at the Ontario pavilion, to the point that when the trip was over, at least six of

them officially said to me they would contact their president upon returning to their countries and ask their president to look into how they could have a rapprochement with the Ontario government and look at more trade with Ontario.

While not everybody might get back to you directly and tell you this, I think that because of the bilingual nature of the pavilion, people were impressed. It made the national media and was also at an international scale. I thought you would be proud to hear that.

Mr. Gilbert: I am pleased to hear that.

Mr. Philip: Did they take all those little red napkins home?

Mr. Poirier: Ed, I do not recall the red napkins. I am glad you noticed. There were things that were a hell of a lot more important than red napkins, believe me.

The other point is group visits. Are you going to make a final report with recommendations and whatever?

Mr. Gilbert: Yes. It is a requirement of Management Board that as of January 31, we will have to give a final report to Management Board on the total expenditure, the total recoveries and everything else, the very things Mr. Philip was talking about earlier. That is a requirement of Management Board. It was always our intention, but it is not just an intention; it is a requirement of Management Board to do it.

Mr. Poirier: I have a recommendation about writing a final report. Since we had a very strict agenda to meet with a group of 60 visitors who were there at the invitation of the Ontario pavilion, if I had to design a pavilion, I would want to make sure my group entrance for scheduled appointments would be at a different spot from where thousands and thousands of people had to line up for hours, including at the entrance to the Expo site. It almost caused fist fights when people who had been waiting for three hours to get in saw a group at the invitation of the pavilion bypassing the normal way to enter. It was not a pleasant experience.

Mr. Gilbert: Our arrangements for looking after special visitors was better than all the other pavilions there, as you know.

Mr. Poirier: It was easier at the Ontario pavilion.

Mr. Gilbert: The only thing would be a large group such as you talked about. Yes, on one side people knew they were going to go in somewhere else and that perhaps caused a problem. The many other marketing people, industry people, special interest groups and what have you were met and taken around to that other entrance. It was not seen as an obvious interruption of the flow of people. We even fed them in to the people, so they were not suddenly stepping in front of someone.

Mr. Poirier: No, but I would not want to repeat what I have heard about the lineups. I will tell you that right now.

Mr. Gilbert: It is a problem. We knew it was going to be a problem. It would be awfully nice to say there would be no special interest groups, but we know that is not going to happen, just for the very reasons you talked about. We have tried to make sure they are handled as discreetly as possible and that we not interrupt the flow of the people going through. We attempted to do that the best we could, but I agree with you it is a problem.

15:40

Mr. Poirier: Right. Even though the vast majority of the visitors to the Ontario pavilion from our delegation did not understand English, you did not have to understand English.

Mr. Rowe: They knew what was going on.

Mr. Poirier: You are darn right. They knew what the language was, and it was not "Merry Christmas" or any other type of good wishes, believe me. It was a bit of an embarrassment to be the host, to have an Ontario delegation have to run the gauntlet, as we would say in English. It was not very interesting, believe me. That was the case at every other pavilion. But I must agree with you, the Ontario pavilion was the least awful situation.

I have one last comment pertaining to the food. Obviously, in our group we had an interesting number of people who were gastronomes, and they had rave reviews of the food. I was very proud to be able to have them taste Ontario wines, and it was a pleasure to hear some gastronomes from France admit that in Ontario we were producing some excellent wines. I just thought I would put that in there.

Mr. Gilbert: Certainly, as I said earlier, I do not think we could have had anyone do a better job of operating our restaurant than Franco Prevedello.

Mr. Poirier: It was excellent.

Mr. Gilbert: He and his wife both moved out there; I guess you are aware of this. They worked 16 or 18 hours a day. I do not think either one of them ever takes time off. They had excellent staff.

Mr. Poirier: I agree.

Mr. Gilbert: They were on the ball themselves and they produced some wonderful food.

Mr. Poirier: Excellent.

Mr. Gilbert: It speaks for itself. When the British Columbia revenue people tell us the percentage we sold compared to the others, it is very gratifying. But the credit goes to him; I have to say this. He and his wife have done an excellent job.

Mr. Poirier: Especially when you consider the volume of people that went through that restaurant.

Mr. Gilbert: They all bought what they thought was a specialized meal, and it was.

Mr. Poirier: Excellent. I want you to mention that to him when you go back.

Mr. Gilbert: I will do that, and thank you very much for saying it.

Mr. McKessock: Just to follow up on the restaurant, I felt the meals were good too, but they were pricey compared to some of the others. I can see how you made \$1 million on it.

Mr. Gilbert: The Premier did not think so, Mr. McKessock.

Mr. McKessock: He did not think they were pricey?

Mr. Gilbert: No.

Mr. McKessock: He is in a different wage bracket to what I am in.

Mr. Philip: He did not pay for his meal. That is why.

Mr. Gilbert: Maybe not. I have to say, though, that our prices were in line with anything else there. I went around and ate in several other pavilions, and I thought they were more expensive than ours.

Mr. McKessock: You could eat two days at Saskatchewan for one day at Ontario.

Mr. Gilbert: Maybe so, but you would not get--I do not think so. You were eating a very high-class meal in ours and you were having a lunch in Saskatchewan, I bet.

Mr. McKessock: I bet you did not eat in Saskatchewan. Anybody who has eaten in Saskatchewan has very high praise for the food.

Mr. Gilbert: Oh, yes. Saskatchewan had a good pavilion. Alberta had a good pavilion and a good restaurant, but I still think our prices were in line with what was going on.

Mr. McKessock: Let us say you did not hurt business down the street, anyway.

Just coming from that, what was your impression of the British Columbia commercial area? How did Expo affect it? As I say, I do not think you interfered with their food trade, but did it have a good effect on BC?

Mr. Gilbert: I kept asking this question. Every time I went I would ask the doorman at whatever hotel or what have you those kinds of questions. As I understand it, at the beginning there was not the impact they had hoped to have on the downtown in terms of more business. That is what they are interested in, of course, but as the tourist crowd came in, it certainly improved the sales of the people in Vancouver.

Mr. Philip: That is not what they told us.

Mr. Gilbert: Is that right?

Mr. Philip: They told us that the downtown was empty. Everybody was out at Expo.

Mr. Gilbert: I heard it was that way at the beginning, but things improved as they moved along.

Mr. Philip: Maybe.

Mr. Gilbert: I am going on hearsay and I cannot say any more than that.

Mr. McKessock: The hotels treated the people well.

Mr. Gilbert: They did.

Mr. McKessock: It was nice to see them provide umbrellas for everybody who was there. Toronto may have to start doing that shortly if it does not stop raining.

One of my questions was going to be about moving the pavilion back, but that has been answered. You said that if we want the Ontario pavilion here, it is cheaper to start from scratch than to try to move it back.

Mr. Gilbert: That is right.

Mr. McKessock: How do you distinguish between an Ontarian and someone else? You said there were one million Ontarians. How do you tell? How do you know there were a million? How do you keep track of Ontarians?

Mr. Gilbert: The Expo 86 people do a poll of the people going through every day and they can tell you the number coming from California, Alberta and so on. It was the Expo 86 people who told me there were a million.

Mr. McKessock: Mr. Poirier is concerned about the special entry. I know what he is talking about, but from talking to people who did have special entry, I was amazed that they seemed to get to as many or more pavilions as those who had special entry. I suppose one wasted the same amount of time. It was nice talking to the people from the different provinces and so forth going in through the special entry, but one spent the same amount of time getting to the exhibit as those who did not have a special entry.

Mr. Poirier: Let me think about that for a while.

Mr. McKessock: I talked to several people and I thought: "How did you cover so many pavilions? You covered more than I did."

Mr. Gilbert: If you went in and went directly down to the west end in the morning, when the crowds were in the east end, and then worked back to the Ontario pavilion, you did not have to wait that long to go through it.

Mr. McKessock: That was definitely the thing to do. I noticed that people coming into the Canada pavilion right at the start were lined up something awful in the mornings. If they had skipped that and gone back in the afternoon, it would have been much better.

Mr. Gilbert: That is right.

Mr. Poirier: As a point of clarification, we had an appointment where guides were waiting for us. We could not get there at any other time. We were told to be there at 10 o'clock sharp and the guides would be waiting for us. We could not line up. We did not have a choice of a pavilion. If we were not at the pavilion at precisely 10 o'clock, the guides would have had to do something else.

Mr. McKessock: I know. That was the same thing I had.

Mr. Poirier: When nobody is waiting for you at the pavilion, you can probably take the lines and do as many as you want. When you have an appointment, you have to be there. That is why it took us close to half an hour even to get through the main gate. We tried to explain to them that we had an appointment at 10. At the last minute, after 15 minutes of discussing among themselves at the main gate, they tried to find out whether they should

let us in as a group, even though they knew ahead of time that we were coming as a group. When they finally decided to let us in as a group, there were thousands of people waiting in lineups to get in. As I said, we almost had fist fights.

Mr. McKessock: After all, it took as long as if you had to line up.

Mr. D. W. Smith: May I have a supplementary? If the Expo people did a survey, from what countries or what areas did most visitors come?

Mr. Gilbert: Again, this is indirect information. As I understand it, most were from British Columbia. The next largest population was from California, followed by those from the other provinces. The west coast of the United States was second to BC in supplying visitors. Any time you were there, you would find that a good majority of the visitors were from the west coast of the United States.

Mr. D. W. Smith: To date, how many visitors have gone through it?

Mr. Gilbert: The last figure I heard was that it was going to be very close to 21 million. However, this past weekend they again had one of their biggest crowds, 235,000 on Saturday and 220,000 on Sunday. They had never before had a Sunday like that. I would not be surprised if they top the 21-million figure. Going back to when we first talked about it, they thought it would be good if they had around 13 million. Then they were almost afraid to talk about 16 million. At that time, they thought if they had 20 million, it would be almost impossible to handle them. Now they are going over that. They are going to have more than 21 million.

15:50

Mr. McKessock: How did your Simmenthal cattle do this summer while you were away?

Mr. Gilbert: They have done well but there was a lot of running around too, Mr. McKessock.

Mr. Gregory: How many VIP suites did you have?

Mr. Gilbert: We had four. The commissioner had one, the two deputy commissioners had one each and the fourth one was for people who wanted to come out and what have you. It was on a pay-as-you-use basis. When it was not in use, we had another staff member whom we had to bring out at the last minute to deal with the purchasing, and he used that with his family. There were four apartments there and the financial man was in a house. We gave him the equivalent of what it cost for the apartment towards the house he was renting.

Mr. Gregory: There were on a pay-as-you-go basis? In other words, the people who were using them paid for them.

Mr. Gilbert: Not the commissioner or deputy commissioners, no; just the one I call the visitor's apartment.

Mr. Gregory: The commissioners were given free accommodation.

Mr. Gilbert: Yes. That was all put together as part of the package. They still had their houses back in Toronto.

Mr. Gregory: These were suites?

Mr. Gilbert: Right.

Mr. Gregory: Did you have hotel rooms as well?

Mr. Gilbert: What we did there, and we were very fortunate with this, at the beginning we thought we were going to have to pay a retainer to the various hotels, but there was only one where we had to do that. When we saw we did not have a problem, we dropped it in June. We had an arrangement with the rest of the hotels, such as the Hotel Vancouver, the Four Seasons and what have you, that they would hold X rooms for us up until 48 hours from the time of booking.

If you were going out there and you asked our Expo office to book your hotel room, we booked it. You were asked, if you decided not to go, to give us 48 hours' notice and it would not cost you anything, but if you did not, it would cost you something for the room. We wondered if we would run into problems with that, but there was only one case where we got stuck with it.

Mr. Philip: May I ask a question? As committees, we normally use the Four Seasons. It is a reasonable hotel and not all that expensive, but we could not get in there somehow. I guess your people were not able to arrange it or something. The Premier's group was going at the same time.

Mr. Gilbert: I cannot tell you why you did not get in. Most of the time when I go out there, it is either the Four Seasons or Hotel Vancouver. I assume the rooms we had arrangements for were already taken. There were only five in each hotel.

Mr. Philip: That is the reason.

Mr. Gilbert: There were not a great many rooms.

Mr. Philip: I have two quick questions. Did the excellent restaurant you had increase the cost of security? I know different nations used the restaurant for their own entertainment. The time I was there, there was absolutely extreme security because I believe some Israeli generals were having dinner in the Ontario pavilion dining room. Would that have been paid for by the--

Mr. Gilbert: No. We had the standard security arrangements. They were provided by the Expo people. We paid for the ones who were assigned to our pavilion, but if there was special security, that would be supplied by the Expo Corp. as it moved these people around.

Mr. Philip: I think the architecture of the Ontario pavilion was by far the most interesting and effective of any of the pavilions.

Mr. Gilbert: Thank you.

Mr. Philip: I hope you will let the architect know that our compliments are as lavish to him as they are to the restaurant that has been praised by the Vancouver papers, let alone by any of the travel people who have written articles on it.

Since we are talking about moving, my last question is, where do you go from here? I do not mean home for dinner; I mean now that this is over.

Mr. Gilbert: Do you mean me personally?

Mr. Philip: Yes.

Mr. Gilbert: I have a lot of activities on the go.

Interjection.

Mr. Gilbert: That is one of the things I would like to do. I am also chairing a rail task force on the movement of dangerous goods through the Metro Toronto, Durham, York, Peel and Halton regions for the federal government, which is a very interesting task. As you know, it has been a hot issue for a number of years. It used to circle around when I was deputy and I always tried to avoid it. When they asked me to take it on, my first reaction was I need that like a hole in the head, but I have taken it on and I am finding it very interesting.

Interjection: You are going to build to the end of the subway.

Mr. Philip: I sure hope so.

Mr. Gilbert: This is rail.

Mr. Philip: That is another thing you and I agree on. That is two in one day.

Mr. Gilbert: This is dangerous-goods rail.

Mr. Rowe: It is time to adjourn the committee when you two agree on two things in the same day.

Mr. Philip: I am sure we will be seeing your name in the news for many years to come and will perhaps have the opportunity to have you back before a committee of the Legislature. We appreciate all you have done. The pavilion was something I think all of us in all parties were proud of. We may have some questions about costs and cost overruns or whatever you want to call them, but that in no way detracts from the fact that it was a great pavilion, everybody out there talked about it and the lines reflected how successful the pavilion seemed to be in the minds of the people who were there.

Mr. Gilbert: Thank you, Mr. Philip. I made one comment that in another two or three weeks I will be going to my old alma mater, Queen's University, for my 35th reunion. You say I am not bowing out, but I have to say this was a very good way to bow out of transportation, particularly as far as Ontario is concerned. As you know, I have had a very satisfying career with the province and the province has been very good to me. This was a great way to go out and I got a lot of satisfaction from it. I am certainly going to carry your comments here today back to all the wonderful staff we had there.

Mr. Philip: Do I gather that in your retirement you are not asking for an office in the Whitney Block, a chauffeur and an increase in your pension?

Mr. Chairman: Are there any further comments? On behalf of the committee, thank you, Mr. Gilbert. We appreciate it and we all wish you well in your future endeavours.

The committee adjourned at 3:59 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

SEVERANCE PAY SETTLEMENT
IDEA CORP.
RETIREMENT OF CLERK
THE DEVELOPMENT CORPORATIONS

THURSDAY, OCTOBER 16, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Barlow, W. W. (Cambridge PC)
Davis, W. C. (Scarborough Centre PC)
Epp, H. A. (Waterloo North L)
Mancini, R. (Essex South L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Ramsay, D. (Timiskaming L)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitution:

Knight, D. S. (Halton-Burlington L) for Mr. Ramsay

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

From the Development Corporations:

MacKinnon, D., Executive Director and Chief Executive Officer

Winter, F. R., Director, Special Financial Services

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, October 16, 1986

The committee met at 10:12 a.m. in room 151.

Mr. Chairman: Can we come to order, please. If any members wish to use the translation equipment, it is available for you at the desk up here.

Now to our first order of business. All of you received a schedule for the committee that was discussed by the subcommittee last week at a luncheon meeting. Today's business is outlined.

Next week, we had the Urban Transportation Development Corp. scheduled, but I have been advised that UTDC officials will not be able to be here next week. I am sure there will not be any shortage of business for us in any event.

Mr. Philip: May I ask when UTDC will be here? We are certainly interested in looking into the platinum handshake of Kirk Foley. Since I understand Mr. Foley is still a consultant to the company, can you ask whether he might be requested to appear as well? He refused to give us the exact amount and details of his retirement package or severance package. We had to find out through other circuitous routes, and I would like an opportunity to question him on that subject.

Mr. Chairman: I am advised that the UTDC is now scheduled for October 30. With respect to Mr. Foley being requested to appear, do members of the committee have any opinions on that or problems with that? All right, we will make that request.

IDEA CORP.

Mr. Chairman: The first order of business is a motion by Mr. Pope.

Mr. Pope moves that a full and complete audit for the period May 2, 1985, to date be undertaken with respect to the financial affairs of Avi Dobzinski, Wyda Systems (Canada) Inc., Ivan Fleischmann, Canadian Intercorp, Wilfred Caplan and Damaza Consultants Ltd. to determine any payments made with respect to the matter under investigation by this committee.

This was discussed by the subcommittee, which recommended to the committee at large that we initially send out letters to all the firms and individuals mentioned in Mr. Pope's motion, outlining what we wish to achieve and what the audit would cover and requesting their co-operation. It has been suggested that at the same time we call for tenders from forensic audit firms to carry out that work. I hope we will have those tenders available to the committee at about the same time we receive the letters from the individuals and firms mentioned in the motion.

I will open this topic for discussion.

Mr. Philip: It was a subcommittee with a member of each party, so I assume we can move on and have agreement on that.

Mr. Pope: I understand the reasoning behind the subcommittee's

recommendations and I agree, but I would like the tender calls to go out at the same time as the letters. I think we should proceed on both avenues to try to shorten the time limit and bring some finality to this.

In case there is any misunderstanding about what we are talking about, we are talking about an audit and a justification of some of the expenditures amounting to \$1.5 million in 11 days between April 19 and April 30, 1986, once the money was advanced from the IDEA Corp. to Wyda Systems, and of the explanations we got for those expenditures at the time of our inquiry.

Specifically, we had grave concerns about the repayment of a shareholder's loan of \$500,000 within that 11-day period, whether that shareholder's loan was on the books of the company and for how long it was on the books; what value was given by Mr. Dobzinski to the company that required a security of a shareholder's loan and why the shareholder's loan was not dealt with in the restructuring that was done before the closing of the subscription deal between IDEA and Wyda.

We are also concerned about the payment of the Budgrove account and the failure of those involved representing IDEA to ensure that it was a bona fide debt outstanding to Budgrove, because Budgrove and Wyda appear to have had some relationship in the past, if not at the time of the investment, and about the other expenditures made in May 1986 when the monthly budget of Wyda went to more than \$450,000 and in June 1986 when it was back down to \$175,000 and about all the payments that were made by the company during that one-month period.

We are talking specifically about an audit of Mr. Fleischmann and Canadian Intercorp, since evidence was given before this committee that Mr. Fleischmann received \$30,000 and that Mr. Fleischmann or Canadian Intercorp in return had paid money to Mr. Caplan with respect to two contracts or two reports Mr. Caplan did for Mr. Fleischmann. We are also talking about the personal relationship of Mr. Dobzinski with Wyda Systems, and financial aspects that have to be audited so we can be satisfied as to what happened, and, of course, about Messrs. Caplan and Damaza.

The committee did an exhaustive examination of the issue. We were provided with a lot of financial information, but some of these questions remain. The key question in my mind--and the other members of the committee were quite willing to accede to my request to have this audit done, so we could be satisfied from a public account point of view--was the \$1.5 million and what happened to that money on the closing.

Mr. Epp: We have agreed with this audit, although we are not excited about it, because there is no new information that came forward with respect to having another audit done on some of these matters. However, it is our contention that it should be done, if it can be done, by the Provincial Auditor himself, rather than expending additional provincial moneys on hiring an outside firm to do it.

I think if the auditor feels he has the staff to do it, then he certainly has the confidence to do it, and I have no feeling that he does not have the confidence to do it. In fact, he is probably the best-qualified person in the province to do it. My colleagues and I would like to see the Provincial Auditor do it rather than an outside firm.

Mr. Chairman: Perhaps it is an appropriate time to ask Mr. Archer how he feels about it. We are talking specifically about forensic audit, or Mr. Pope did, and I wonder, Mr. Archer--

Mr. Archer: I presume Mr. Pope, in using the term "forensic audit," is referring to auditors who have expertise in investigating--

Mr. Philip: Criminal matters.

Mr. Archer: --matters of the type Mr. Pope has outlined. That territory is somewhat foreign to our office. I think another audit firm would be able to address the matter more directly and more expeditiously than we could.

However, should the committee request that our office undertake the assignment, we will certainly attempt to do so and we will proceed to hire the expertise we deem necessary, if we do not feel we have the required expertise on our own staff. I would prefer that our office not be involved because that area is somewhat foreign to the operations of the Provincial Auditor. However, we will undertake the assignment willingly, if the committee so requests.

Mr. Philip: I have confidence that the Provincial Auditor is skilled enough to hire the required people to do the job and, therefore, I would be quite comfortable leaving it in his hands rather than going outside.

10:20

I want to reply briefly to Mr. Epp's statement that there is nothing new. The problem in the hearings was that Mr. Pope and I felt there was nothing old in terms of the information we were getting. The answers were not forthcoming. That is why both the New Democratic Party and the Conservative party expressed concern about whether money that was designated for research should be siphoned off or used for purposes other than research; in fact, used for what amounted to debt repayment. We all have debts and no doubt would all like to have the taxpayers pay off our debts, but that is not a real possibility.

Mr. Epp: Speak for yourself about debts.

Mr. Philip: In this case it appears that is what has happened, which is why it is important that we have an objective forensic audit. That is why we are supporting that only under the prestige and the supervision of the Provincial Auditor.

Mr. Pope: We have confidence in the Provincial Auditor and we are prepared to leave the matter in his hands. I think he understands what we are getting at. He also has the capacity to recognize when he will need to have some outside help. It would satisfy me entirely to leave it in his hands.

There is a bit of an error in the statement of the Minister of Industry, Trade and Technology (Mr. O'Neil) in the Legislature. There was no audit done of the information we were given on the closing of the transaction. The accounting firm went out of its way to say it did not perform an audit; it performed a financial review. The minister, in his statement to the Legislature, said the Ontario Development Corp. had facilitated an audit of this matter. In fact, an audit has never been performed on the expenditure of this money.

Mr. Chairman: Mr. Pope, would you have any problems incorporating in your motion that the audit be undertaken by the Provincial Auditor?

Mr. Pope: You can word that however you like, Mr. Chairman.

Mr. Chairman: We have Mr. Pope's motion before us. All in favour? Opposed?

Motion agreed to.

Mr. Philip: I want to point out that in the nonpartisan nature of the committee, Mr. Wildman and I have not had an argument nor has he defected to either the Liberal Party or the Conservative party.

Mr. Wildman: I am not sitting as an independent either.

Mr. Epp: I do not think it is fair for Mr. Philip to say whether Mr. Wildman has defected. That is up to Mr. Wildman to say, and I notice he is being quiet about it.

Mr. Chairman: Moving right along, last week we received notice from Mr. Gillies of a motion. Has it been distributed?

Mr. Gillies moves that a full investigation be undertaken with respect to the granting of a \$5-million investment by IDEA Corp. to Graham Software and the subsequent handling of this investment by the Ontario Development Corp.

Mr. Gillies: The IDEA Corp. went through some rather unusual machinations in the past number of months since the Liberal government took power. As was pointed out in the House back in June, the Treasurer announced his intention to wind down the corporation in his fall budget of 1985. At the same time, the spending and investment policies of the corporation were increasing at a remarkable rate.

In fact, 60 per cent of all the money granted by the IDEA Corp. since its inception has been granted since the new government took office. The largest of those investments since the Liberals took over was a \$5-million investment to a company called Graham Software. The second largest, of course, was the \$3 million-plus that went to Wyda Systems, about which we have talked a considerable amount in this committee.

Several weeks ago, in the business section of the Globe and Mail, it first came to light that the Graham Software company was in trouble, was desperately seeking financing sources and had laid off half its staff. It later came to light through other publications in the city, including the newspaper I have referred to in the House, called Computing Canada, that Mr. Graham felt some of his problems with IDEA and with the government were leading to a number of the problems his company was having.

I will read part of this article into the record, as it states the problem: "Software publisher Graham Software Corp. of Toronto, which has received \$5 million in venture capital from the Ontario government as part of the province's high-tech initiative, has been forced by financial difficulties to merge with another company and lay off 24 employees."

Without going into detail, the original proposition put forward by Graham was that the company was going to merge with an inactive company which had not traded on the exchange for some time, and which, I understand, was in its earlier incarnation a manufacturer of asbestos products. The article also states:

"According to Terry Graham"--the president and owner--"his company's predicament began when Ontario's Liberal government closed the door on IDEA

Corp. IDEA's mandate was to finance high-tech ventures, such as Graham Software. The crown corporation provided \$3 million of seed capital to start the company and planned to provide a further \$2 million for the acquisition of Mazdamon software rights.

"Last spring, Graham says, it became known that the Liberal Ontario government was re-evaluating IDEA Corp. which had been created by the previous Conservative government. Graham Software scurried to find private sector financing but prospective companies kept their distance. They were wary of the uncertainty surrounding Graham Software's association with IDEA, says Graham."

This quote I find key, and I think we will want to talk to Mr. Graham at some length about this. He is talking about the way his investment was being handled by the government, and I quote, "We didn't know how our investment was going to be treated, and we still don't."

That was Mr. Graham speaking less than a month ago to a member of the media. I raised this by way of a news release several weeks ago. My concern was what was going to happen with the taxpayers' \$5 million in Graham Software. As a result, the Minister of Industry, Trade and Technology investigated and found that the company had gone belly up. He then made his rather remarkable statement to the House the other day informing us that it appeared that the bulk, if not all, of that \$5 million of the taxpayers' money was gone.

While he announced an internal inquiry by Mr. Biddell into the activities of the IDEA Corp.--which is fine, and I hope it turns up something--I say the minister's statement was remarkable because, first, it said nothing about any efforts by the government or any officials of the government to try to recover part of that \$5-million investment; second, it made no reference whatever to any attempts that may have been made to work with the company to try to circumvent this circumstance; third, it made no reference at all to any efforts to recover the taxpayers' investment in this company.

This should be investigated for a number of reasons. It indicates to me a very sloppy and negligent handling of an IDEA investment in the latter stages, since IDEA was wound down and the portfolio turned over to the ODC. We should look at this, because there is another \$20 million plus in IDEA investments still sitting out there. With the mishandling by this government of the Wyda Systems investment and the mishandling by this government of the Graham Software investment, I believe as a public accounts committee we should be concerned about the security of that other \$20 million.

I also believe this bears investigation because of the very close political association between principals of this company and the Liberal government. As I pointed out in the House back in June, Mr. Graham is a former business partner of Abe Schwartz, and we all know of Mr. Schwartz's relationship to this government and his role in the transition as an adviser to the Premier (Mr. Peterson). The Premier tried to discount that in his statement to the House back in June by saying that Mr. Graham and Mr. Schwartz had not been in association together for a period of three years. That was incorrect; in fact, they were in partnership well into 1985.

It is incumbent on this committee to determine whether an investment such as that in Graham Software Inc. was made on the basis of sound business principles and the merit of the company, or whether, as we found in the Caplan inquiry, the intervention of people close to the Liberal Party may have had anything to do with the investment.

10:30

Mr. Philip: I will be supporting this motion. I guess we could have taken any one of a number of examples to try to find out in a microscopic way what was going on with IDEA Corp. after the Liberals took over.

What we saw was the apparent contradiction of a government that in no uncertain terms said it was going to phase out, kill off, cause the demise of the corporation and at the same time speeded up the investments of that corporation.

During the Wyda inquiry, in the Caplan inquiry, if you like, we got some very funny and conflicting answers about why decisions were made. Here we have an example of a company where the investment obviously did not pay off in terms of the taxpayers. We have got \$5 million, and Mr. O'Neil's statement in the House gave me no assurance either that he had command over what was happening or that any attempts were being taken to recover what may be left of the \$5 million that appears to have been squandered on this company.

While we could have moved for a much wider inquiry into the IDEA Corp., because of the work of this committee it seems reasonable to focus on what at this hour of this day seems to be the worst problem. Maybe as a result of this inquiry we either may be able to save further losses from what is still in the IDEA Corp. or indeed may even be able to save some part of the \$5 million that has obviously been lost by a bad management investment decision. Thus, I will be supporting the motion.

Mr. Wildman: I will be voting in favour of this motion. I will make just two short comments. The first is to reiterate that the minister's statement in the House was inadequate in two aspects. First, the minister was quick to emphasize that, after the Liberal government had made the decision to wind down IDEA Corp., no new investments were made. This sort of gives the impression that the investments that were made after the decision to wind down were just leftovers from the previous administration when in fact the two largest investments, involving the majority of the money, were made after the decision to wind down. The government and the minister have never adequately explained why that would occur.

The other reason I am in favour of this motion is that when we had the people from IDEA before us during our investigation of the Caplan matter, we received very conflicting and confusing explanations from the IDEA executives about their reasoning for approving such a large investment after the decision to wind down, about their relationship with the Liberal government and about their motives in attempting either to preserve or to change the position of the government with regard to IDEA Corp. or to ensure what they called the integrity of the investment portfolio, or what other people might call the future of their jobs.

For those reasons, the affairs of the IDEA Corp., particularly those relating to its investments subsequent to the decision by the government to wind down the operation of the corporation, should be investigated.

Mr. Pope: From a public accounts point of view, it is important that we have this investigation. First of all, this was an investment not in research and development and in new technology but in a marketing company.

Second, we need to know how \$5 million could be gone through in a year, what the company was doing with the taxpayers' money.

Third, it is rather interesting to note that, according to Mr. Graham's own statements, IDEA Corp. provided \$3 million of seed capital to start the company. It was not even an operating company. IDEA Corp. funding was used to start it in September 1985, and a further advance of \$2 million was given in March 1986.

I would recall for the members of this committee that the Premier in his statement in June said about both Wyda Systems and Graham Software that everything was in order; there was no problem. Subsequently, our investigations showed a great deal of trouble with the Wyda investment. Therefore, I suspect we have the same concerns about the Graham Software investment.

I am not satisfied that an internal review by Mr. Biddell is going to be thorough enough, for the very reason that I do not think the Premier has been serious enough about this as an issue or about his responsibility to manage this issue properly.

The Premier indicated in that statement to the Legislature on June 11 that arrangements had been made to handle and to manage properly all of IDEA's investments. I refer you to what Mr. Gillies said, quoting from Terry Graham: "We did not know how our investment was going to be treated and we still do not." That statement contradicts directly what the Premier told the Legislature on June 11, when he said there were clear arrangements in place to handle or manage the investments.

We also know, and we have heard in our investigation from a number of sources, that Mr. Schwartz and Mr. Caplan discussed on at least one occasion the IDEA Corp. investments in the computer field. They discussed it at least when they were both at the same restaurant, according to evidence this committee obtained. We also know for a fact, from Mr. Blakley, the chief executive officer of IDEA Corp., that he often saw Mr. Schwartz at IDEA Corp.'s offices and had discussions with him.

We have also heard from the minister responsible for this that Mr. Kruger did a complete review of the IDEA Corp., an internal review for the government. Where is the review? Where is the documentation? Where is the information? On what basis is IDEA's investment portfolio now being managed?

We heard as a public accounts committee that there is no real management. They still have not appointed a director in the Wyda Systems company, as it is their right to do to protect the public investment: have one of the directors appointed by IDEA Corp. or by the government of Ontario. We still do not know who that director is, and certainly the previous director does not know what his function is at the present time.

All in all, it is a case of the issue not being properly managed by the Premier, the matter not being properly handled by the government and \$8 million of the taxpayers' money in two investments alone being now at risk and open to question. For all of these reasons, it is incumbent upon us as a public accounts committee because of the dollars involved and because it is public money, not private money, to continue with this investigation into Graham Software.

Mr. Chairman: Any additional comments on the motion? All in favour? Opposed?

Motion agreed to.

Mr. Chairman: We will refer this to the subcommittee to work out the mechanics and schedule it for the coming weeks.

We have David MacKinnon from the Ontario Development Corp. He is scheduled to appear before the committee to discuss the Clarkson Gordon study. Mr. MacKinnon is not here yet. He should be here shortly, so in the interim we will deal with Mr. Philip's notice of motion.

10:40

RETIREMENT OF CLERK

Mr. Chairman: Mr. Philip moves that the standing committee on public accounts immediately investigate the exorbitant severance and pension package that the Liberal government has agreed to confer on its Clerk Emeritus, Mr. Roderick Lewis.

He further moves that this committee call before it such expert witnesses on wrongful dismissal actions and pension provisions as it deems necessary to question the government's assertion that the severance and pension benefits bestowed on Mr. Lewis were legally necessary; and in particular, that the following people be requested to appear before the standing committee on public accounts:

Robert Nixon, Treasurer of the province of Ontario, and Smith Brock, Deputy Treasurer; Robert Carman, secretary of cabinet; Gregory Sorbara, MPP and Minister of Colleges and Universities; Dr. Edward Stewart, former secretary to cabinet and Deputy Minister, Office of the Premier; Roderick Lewis, Clerk Emeritus of the Legislature of Ontario; and such legal and personnel experts on wrongful dismissal as the committee deems advisable.

Mr. Philip: The reason I did not move a broader motion is that, because the Urban Transportation Development Corp. is already scheduled, it will not be necessary to have a broader motion that would include the platinum handshake for Kirk Foley.

I will outline some of the reasons that I feel we should investigate this. Among the matters we have to investigate are the following: Why, having announced his resignation last July, was Mr. Lewis able to wring bizarre post-retirement benefits from the Liberal government months later? Why, having chosen a successor to Mr. Lewis, had the government not settled the terms of Mr. Lewis's retirement and his post-retirement advisory activity?

I refer you to the letter of September 29, 1986, from Mr. Carman to Mr. Lewis, in which he states: "You indicate that certain promises were made to you earlier. The only area that I was asked to work on in order to resolve an inequity was your pension entitlement." It is fairly clear that the government did not have anyone clearly responsible for dealing with this matter, and we have to look into the sloppy management of the government in this regard.

We must also look at why the government feels it is justifiable for Mr. Lewis to receive a salary and considerable employment benefits at the same time as a pension equivalent to the maximum pension receivable by a deputy minister. You may remember that in April 1985 the Davis government doubled the pension credits that deputy ministers earned so that they get two years' credit for each year of employment.

In addition, why does the government feel it is justifiable to continue

to pay a retired public servant in excess of \$90,000 a year plus a one-term payment of \$100,000 while it will not bargain pension issues with its own civil service employees? Why does the government feel it is justifiable to adjust the pension receivable by an individual public servant by more than \$20,000 a year?

This is a government that has failed to stand up to Dominion Stores. Indeed, the union had to take Conrad Black and his friends to court to obtain pensions that were clearly siphoned off. The government--in this case the Minister of Consumer and Commercial Relations (Mr. Kwinter)--stood day after day and justified the actions of the corporation.

Thus, it comes to the pensions of ordinary people, the government seems very weak. Similarly, it has proven weak when it came to standing up to Mr. Lewis, who can clearly be seen in his letter of September 29 to members of the Board of Internal Economy, in the fourth paragraph, to be blackmailing the government. The implication of paragraph 4 is clearly: "Things are going to be tough on my successor unless you pay up what I am asking for."

I find the statement by Mr. Sorbara in justification of this most interesting. He said, "If we did not settle with Mr. Lewis, we could be open to wrongful dismissal costs in court or awards of up to \$10 million." I would refer members of the committee to the 1985 edition of the publication The Law of Dismissal in Canada and the updated Harris book, Wrongful Dismissal.

In that book he lists the most recent wrongful dismissal cases. We see as we go through, and I will read off a few of them, exactly how many months were given. I will go down the list. A man 48 years old with 11 years' service received 12 months; a man 54 years old, nine months; a person 47 years old, 15 months; a person 55 years old, 21 months.

Mr. Epp: How many life contracts?

Mr. Philip: Let me deal with that in a minute. A man 46 years old, 12 months; a man 51 years old, 12 months. If you go down the list, the highest you can find is a settlement of two years for a man whose age is not listed. That is the largest settlement that has been given.

To suggest that somehow the weak-kneed reaction by the Liberal government, the caving in of the Liberal government to this kind of pressure, was justified by the fact that Mr. Lewis would somehow receive a \$10-million settlement is absolute nonsense. I have called several litigation lawyers. All of them assure me it would be very unlikely that Mr. Lewis would receive even two years, because one of the prime considerations in any kind of wrongful dismissal suit is what effect the action by the employer will have on the future career of the employee.

Clearly, at age 75, Mr. Lewis was not about to take on a new corporate responsibility, become a deputy minister in Saskatchewan or whatever other kind of position he might have fancied at an earlier time in his life. It is irresponsible of the government to have caved in. It is irresponsible to the taxpayer, and I believe we should have a full inquiry into this. We need to know the details. I would like to know where the Amethyst rock disappeared to. Maybe it is part of his settlement. Mr. Lewis greatly loved this room and took pride in it. We need to go into the details of the settlement and question each of the players at each stage, what action was taken or, in this case, who appears to be responsible and did not carry out responsible actions.

I have moved this notice of motion. I further move that since this matter is urgent and since the moneys are committed and may soon be paid out, the committee waive, as is our right, the usual notice of motion provision and allow this to be voted on immediately. As is required, I ask for the unanimous consent of the committee that this be debated and voted on immediately rather than postponed to next week. It would be a blatant waste of our time next week. We can deal with it today and have some of our witnesses before the committee next week, since the UTDC has been moved up a week and we have a vacant space next week to call witnesses.

10:50

Mr. Epp: On a point of order, Mr. Chairman: I recognize we cannot debate the motion but I want to make three points.

Mr. Chairman: Before you go ahead, you recognize that we require unanimous consent. The members have some expertise in getting around that. I am in a good mood today so I will allow each party an opportunity to make some brief comments and see what happens after that.

Mr. Epp: Mine will be brief.

Mr. Philip: On a point of order--

Mr. Epp: Mr. Chairman, I had the floor.

Mr. Philip: No, I had the floor. I had not given up the floor. You interrupted me.

Mr. Chairman: Mr. Philip, you had given up the floor. Mr. Epp has the floor on a point of order.

Mr. Epp: There are three things. First, talking about sloppiness, the Treasurer of Ontario is not Smith Brock, as in the motion, but Brock Smith.

Mr. Gillies: He is the Deputy Treasurer. The Treasurer is Bob Nixon.

Mr. Epp: The Deputy Treasurer is Brock Smith. Second, unanimous consent will not be forthcoming. Third, the member for Etobicoke (Mr. Philip) has indicated indirectly that the former Clerk blackmailed the government. For him to indicate that before an investigation takes place already disqualifies him. He has already made up his mind what the results will be and therefore he should resign from the committee rather than stay on and make accusations before we even have an investigation into the whole matter.

Mr. Wildman: On a point of order, Mr. Chairman: My understanding of the motion is that it is not for an investigation of the former Clerk's actions, but rather of the government's actions, so we are not prejudging the former Clerk.

Mr. Epp: He is saying the former Clerk was blackmailing the government.

Mr. Chairman: I do not want this to get into a debate. Mr. Gillies, do you want to make some brief comments?

Mr. Gillies: The Conservative party will be pleased to give unanimous consent for the motion. Time is of the essence. I will be very

disappointed if the Liberal members deny unanimous consent. In fairness to everybody involved, particularly to Mr. Lewis himself, let alone the taxpayers' interest in this, it behooves us to deal with this expeditiously. We have an opportunity with a vacancy at next week's meeting to do this. We have the various machinations of government ministers trying to straighten out this mess in the meantime, but for gosh sakes, let us get on with it and look at it.

We all know the issue. It is not a thing we have to research before we come back next week and debate the motion. We know the issue. We know what should be looked at. We know who should be called. Why the heck do we not get on and do it? I urge my friends in the Liberal Party to think about this before they deny unanimous consent. To do so would be irresponsible and could end up costing the taxpayers hundreds of thousands of dollars.

Mr. Epp: It is irresponsible to say a procedure we have had here for some time is--

Mr. Chairman: Mr. Epp, I gave you an opportunity. I have given each party an opportunity. Do we have unanimous consent to deal with this motion today? There is not unanimous consent. We will deal with it next week.

The final matter of business today is David MacKinnon from the Ontario Development Corp.

Mr. Philip: I will have even more information for you next week, Mr. Chairman, so I am sure you will be interested.

IDEA CORP.
(continued)

Mr. Chairman: Welcome to the standing committee on public accounts. I am not sure of the identity of the gentleman beside you.

Mr. MacKinnon: I would like to introduce F. R. Winter, director of the special financial services branch at Ontario Development Corp. Bob is the person most closely involved with the management of the Innovative Development for Employment Advancement Corp. portfolio, aside from myself.

Mr. Chairman: Are you sure why you are here this morning?

Mr. MacKinnon: It may be helpful if it is repeated, but I believe I am.

Mr. Chairman: To be quite frank with you, I know we have had some discussions and these have been handled primarily through the special counsel to the committee, Mr. Bell. There were some questions on the part of the committee about the Clarkson Gordon undertakings. Do you have any comments to make at the outset?

Mr. MacKinnon: Perhaps a few introductory comments might help the members to focus their questions on myself and Bob. I have been the executive director of the development corporations for approximately seven months. In that period, my primary focus has been on the management and modernization of the three Ontario development corporations. During that time, we have been involved with the IDEA portfolio in several ways.

First, I acted as the government representative on the IDEA board of

directors from late April until June 30 to assist in the transition of the affairs of the corporation. Second, the Ontario Development Corp. provided considerable logistical assistance with the wind-down process which was a very substantial process in legal, accounting and other terms. Third, ODC has assumed the management of the remaining assets of the IDEA portfolio. Fourth, we have been starting to operate the new Innovation Ontario Corp. that has been established in a related area to provide smaller-scale preventure capital assistance to businesses.

Based on this experience, we are happy to be here and will provide full and complete information to the committee. In my view, some commercially confidential information may be sought that should not be reviewed in a public forum. We would be happy to review material of this type in camera if the committee wishes.

The members will know that the break with the past in terms of the IDEA Corp. on June 30 was substantial and that I do not know the details of the operations of IDEA before June 30 as well as I understand developments since. I assumed executive responsibility for IDEA-related matters on July 1. Since that time, our objective has been to manage the portfolio in a way that maximizes the job creation and income generation capabilities of the companies involved, and in so doing, maximizes the return to the government of the investment the taxpayer made to IDEA. I should add that those two related objectives have really been our only goals.

I can also report to the committee that the Deputy Minister of Industry, Trade and Technology and I met with Jack Biddell yesterday. Basic files were exchanged and I think I can report safely that his inquiry is under way.

Finally, at ODC we have been following the deliberations of this committee and other discussions concerning the IDEA Corp. to learn as much as we can to help us manage the ODC. We have learned much that is of value. The kind of blending and other functions that we perform are related to investment decisions of the kind we will be discussing. Therefore, we view it as a real opportunity to talk about issues that not only involve the making of government investments through IDEA Corp. but also involve other related questions in lending in other government assistance programs.

That is basically all I want to say to start with.

11:00

Mr. Pope: I would like to talk about a couple of process points, but before I do, one thing has been sticking in my mind for the past six months. Did you ever participate in a meeting with Mr. Goudge or any other legal representatives with respect to the Wyda investment before information was given to the committee?

Mr. MacKinnon: No.

Mr. Pope: You were never involved in a meeting with Mr. Goudge or any of the other solicitors for the other parties.

Mr. MacKinnon: I personally was not.

Mr. Pope: Did you ever participate in a discussion with Mr. and Mrs. Caplan or any of their advisers or any advisers of the government with respect

to the interpretation to be put on the October 1985 memo from Mr. Logan to the staff of the IDEA Corp.?

Mr. MacKinnon: I would have to see the memo to be sure exactly which memo you are referring to.

The Acting Chairman (Mr. Barlow): The clerk does not have any of the Caplan documents here.

Mr. Pope: I will return to this in a minute. To give you some background, I have been very concerned. I think it became clear in the light of the payment of \$30,000 to Mr. Fleischmann, in which you had no part, and Mr. Fleischmann's role in the matter, that the interpretation we were given of the words "sever the relationship," as far as I can see, was discussed at a meeting among lawyers prior to that interpretation being put before this committee. I am very concerned about what kind of filtering process this committee had to go through, had to be subjected to, and who was involved in it.

As to Mr. Logan's memo about the connections of Wyda Systems to the government, and specifically with Mr. Caplan being one of the officers and directors of Wyda Systems and being the spouse of a very important Ontario cabinet minister, I understand that memo was the subject of some internal discussion as to whether it was a comparison or a contrast to the Cumberland Group. That is the issue.

Mr. MacKinnon: I think I can answer the question. The members will recall that at the time, along with Mr. Kruger, Mr. Lavelle and others, I was a member of the group that reviewed the initial questions that arose concerning the Wyda case. I would have to check my recollection with the files, but I believe that two or three days after that I came across the memo in question. I felt the same concerns that I judge the committee to have felt when the memo first surfaced here.

At that time, I called Mr. Logan and subjected him to quite specific questioning about that memorandum with exactly the object of determining whether a contrast or a comparison was implied in the phrase. If I recall the phrasing--you may be able to correct me, Mr. Pope--it was something such as, "This illustrates how this company plays its political connections."

Mr. Pope: It was something such as that.

Mr. MacKinnon: The reply I got from Mr. Logan was exactly the same as the reply the committee got when you placed that question to him.

Mr. Pope: Other than your one conversation with Mr. Logan, there were no internal meetings in the Ontario Development Corp. or with IDEA staff at which they specifically dealt with that interpretation and how it was going to be handled in this committee?

Mr. MacKinnon: There were no others except that one. I emphasize that I did have a very specific discussion with him on that point.

Mr. Pope: I would like to explore with you the system in the spring of 1986. I am told that at a meeting of the IDEA Corp. board of directors on, I think, February 12 or February 16, it was addressed by someone from the Office of the Premier or from the government and told it was being wound up, that some interim measures were being taken that involved the Ontario

Development Corp. and that there was some role for the Ontario Development Corp. to play in either monitoring the IDEA Corp. decisions or providing advice or some support services. What was the role from the date that the board was told it was being wound up until the July 1 formal takeover date?

Mr. MacKinnon: Our role was in two or three directions. First, there were no interim arrangements of any kind with respect to the investment decisions of the IDEA board. The instructions given to the IDEA board were that it would continue to deal with requests in the pipeline--it would not deal with new requests--and it would do so with the same degree of independence the board had exercised previously for a period of two or three years.

I joined the IDEA board in late April to assist in the transition. That was one role we played. Another was that we assisted in the logistical and wind-down arrangements. We assisted Mr. Kruger in various capacities in that respect. We managed the disposition of assets such as cars, office furniture and that sort of thing. I think we helped on some of the lower level and intermediate level personnel decisions and processes. Those were our principal activities.

At that time we also began to conduct an internal review of the fact base related to investments as opposed to their merit or any other questions relating to them, so that on July 1 when we took them over we would be equipped to manage them with a decent understanding of what is involved.

Those were the three roles we played.

Mr. Pope: In February or by April 30, did you have a list of everything that was in the pipeline?

Mr. MacKinnon: I did not have such a list but on several occasions over the course of the three months that issue did come up. I recall asking on several different occasions whether this investment was in the pipeline.

Mr. Pope: Did you ever get the computer printout of the status of different applicants on a monthly basis that Mr. Parikh talked about before this committee?

Mr. MacKinnon: I did not.

Mr. Pope: Did anyone from the Ontario Development Corp. ask for that kind of detailed information from IDEA?

Mr. MacKinnon: Not that I know of, but it is possible. If you wish I can verify that.

Mr. Pope: If you could; it is not a big issue. You joined the board in late April.

Mr. MacKinnon: That is right.

Mr. Pope: Were you ever informed of the April 10 meeting at which the subscription investment in Wyda was specifically altered somewhat, as this committee has found, to contain among other things a debt payment program? The committee heard evidence that on April 10, 1986, there was a meeting at the Inn on the Park over breakfast at which Mr. Caplan, Mr. Logan and Mr.

Dobzinski were present. There were some notes taken at that meeting in which the outstanding debts to be paid out of the proceeds of the subscription were enumerated, including the Budgrove debt and the \$500,000 repayment of shareholders' loans to Mr. Dobzinski. As a board member, were you ever informed of those arrangements?

Mr. MacKinnon: Until this moment, I did not know such a list had been prepared.

Mr. Pope: The evidence to this committee was that it was a handwritten list, if I recall.

Mr. MacKinnon: I was not there and did not know of such a list.

Mr. Pope: Did the matter ever come back to the board other than the decision for another \$500,000 in June? Did you ever hear about it in May?

Mr. MacKinnon: Given that we were examining the fact base of the investments, I would probably have known of the investment shortly after I joined the board, but I did not participate in any meetings concerning it until the board meeting later on towards the end of June, nor would I have expected to. I was quite careful at one point to read to the board the policy of the government with respect to the board's continued independence.

11:10

Mr. Pope: Who is the government director at Wyda Systems now? Is Mr. Logan still acting? He was not sure when he appeared before our committee.

Mr. MacKinnon: The present government director is Mr. Winter.

Mr. Pope: When did you assume your position?

Mr. Winter: July 3.

Mr. Pope: What approach did you take to the companies in which you had investments after the July 1 takeover?

Mr. MacKinnon: We took the approach that I mentioned in my statement. Our job was to maximize the employment and income generation capability of these companies and thereby recoup the investment the taxpayers had made through IDEA.

Mr. Pope: Did you meet directly with the chief executive officers or any personnel in the company on each of these investments?

Mr. MacKinnon: In nearly every case, we replaced the IDEA board member with a board member of our own choosing, and it is probably safe to say that in each case the board member we named has met with the most senior executives in the invested companies. In several cases, particularly in two of the three large cases, I personally got involved. Although I was not involved in Wyda at any point in terms of the detailed supervision of the company, Mr. Winter was.

Mr. Pope: Did you specifically get involved in Graham Software?

Mr. MacKinnon: Yes, I did.

Mr. Pope: The reason I ask is that Mr. Graham seems to indicate a lot of confusion on his part about his position vis-à-vis the government and does not seem to know where he is going with the investment. If I can quote from that article: "We didn't know how our investment was going to be treated and we still do not." This is about a month ago. It is a quote from Computing Canada.

Mr. MacKinnon: Perhaps I can respond and then Mr. Winter can respond. Mr. Winter was a member of the board of this company. He attended meetings and communicated regularly with the company. In early August, I met with Mr. Graham and told him it was unlikely we would make additional investments in the company. In particular, I told him it was unlikely we would lend money to him from the Ontario Development Corp. unless he conformed to established ODC criteria, which, in my view, he did not.

He did, however, have some discussions at that time with one of our lending officers, and eventually the decision was made by him--I think it was largely by us, but also in part by Mr. Graham himself--that we would not lend money to him.

Mr. Pope: What criteria were you concerned about?

Mr. MacKinnon: When we lend money through the Ontario Development Corp. we are a high-risk lender. We lend under circumstances in which we expect to get back 95 per cent, or something in that order, of what we lend. That is a subject we will be discussing at the standing committee on government agencies in some detail next week, but this is generally the kind of ratio with which we work. A commercial bank would work with one per cent. It would expect, playing 99 per cent odds, that it would get its money back. We play the 95 per cent odds.

The prime criteria we would look at are management, marketing, the product and a variety of other factors, and then we would make an assessment of the probabilities of the company being able to repay the loan. Criteria connected with marketing, management, financing and so forth would condition our decision.

Mr. Pope: Did you communicate those criteria to IDEA staff before the July 1 formal takeover of IDEA investments, from February 1986 onwards?

Mr. MacKinnon: I would have to disclaim any knowledge about the early part of that period, February and March particularly. In February I was sitting comfortably in a bank downtown and in March I was busy assuming my position in the Ontario Development Corp. To my knowledge, the way in which ODC operates in making its lending decisions is reasonably well-known information among those involved in these kinds of financings. I expect the IDEA staff had a fairly good idea of how we would approach them.

Mr. Pope: Is there any documentation of the criteria or the kinds of tests to which you put a potential investment?

Mr. MacKinnon: There are the usual brochures describing the program. The best answer to that is that we are a custom lender. We try not to lend by formula. When we approach somebody--our lending officer sits down and approaches each business on a custom basis. We have very few blanket, across-the-board, generally applied criteria.

We try to retain it that way so that each loan can be tailored as

precisely as possible to the requirements of the customer. The overall decision our board makes is what are the chances of this loan being repaid?

Mr. Pope: I have to ask you this, and the form in which you want to reply is really something you will have to tell the committee before you answer. In terms of management, potential market or financial structure, what specifically led to your decision to not have any additional investment in Graham Software?

Mr. MacKinnon: As I answer that, perhaps Mr. Winter can interrupt if I say anything that does not accord with his understanding. We have not talked about this in any detail.

Mr. Pope: I would like to have that answer in great detail, including some information that, in retrospect, you may feel should not be on the public record. Do you know what I mean?

Mr. MacKinnon: Yes, I know exactly what you mean. I am trying to contemplate that issue.

Mr. Pope: Do you want to think about it for a minute?

Mr. MacKinnon: Perhaps I can come at it from the side for a moment. After we replaced the old board members, the nature of our interaction with the companies became quite close. Mr. Winter would have been privy to regular financial reports. He would have been discussing with his senior officers the affairs of the company on a fairly consistent basis throughout that period. From time to time, he and I would have touched base on that issue. We were quite familiar, in very considerable detail, with the affairs of the company--exactly what level of detail, he can perhaps answer best--and we were concerned about its future right from the earliest days of our assumption of control over the portfolio.

Mr. Winter, do you have anything you want to add to that?

Mr. Pope: Publicly or we can go in camera, but I want to get specific details.

Mr. Winter: It was clear from the first meeting with Graham that it would have problems financing its ongoing operations. As a matter of ODC policy, I was not involved in the detail of any application to ODC. It could have been considered a possible conflict between my role in IDEA and my role in ODC. It was from our earliest days in Graham that we were concerned with the ongoing cash flow problems.

Mr. MacKinnon: Let me add that I think we did make one rule I should explain to the committee. It was informally done within the corporation. It was my decision that we would not deal with any of the IDEA companies through our lending operations in a way which differed significantly from the way we dealt with applications where we were not part of that portfolio, for reasons that I think will recommend themselves to committee.

By the nature of the thing I would be involved, but I did not want our lending officers to be in the position of being a staff of a corporation which was both a part owner and a lender to companies. Mr. Winter did not get involved in any of the discussions with our lending branches I mentioned to you because of that internal policy. We are working to prevent our lending officers from feeling conflict of interest between the role of lender and the

role of investor. Except perhaps at my level, where the conflict is always present, that is a blanket prohibition which we have generally followed.

11:20

Mr. Pope: Who in the ODC would have made the final decision that Mr. Winter was not involved in voting any further loans or investments?

Mr. MacKinnon: That would have been my decision. Very early after we assumed the portfolio, I instructed our senior lending officer not to deal with applications from these companies in any way that was different from applications coming from outside.

Mr. Chairman: Mr. Pope, you are not being picked up by Hansard.

Mr. Pope: I am sorry.

Can you provide this committee with the documents? We can do it on a confidential basis if you wish, as we have done, by the way, in the Wyda Systems matters. There has been a lot of confidential information brought to us. We would like to see the documentation, specifically the analysis by your staff that led to the decision not to invest.

Mr. MacKinnon: I want to review the transactions in some detail. I am not sure what confidential information is in the file. I am not sure how the decision making worked, whether it was entirely us, entirely him or some combination of both.

Mr. Pope: Yes.

Mr. MacKinnon: I will have to look at the file. I will undertake to get back to the clerk of the committee.

Mr. Pope: Sure. Can I return to Wyda now for good?

Mr. MacKinnon: Yes.

Mr. Pope: Have you reviewed the present financial status of this company?

Mr. MacKinnon: As with all the companies, we review the financial status on an ongoing basis.

Mr. Pope: How do you do that?

Mr. Winter: We receive financial statements from the company.

Mr. Pope: A monthly statement?

Mr. Winter: Yes. We also attend board meetings and have informal discussions with company officers, etc.

Mr. Pope: Do you get any information directly from the management of the company about potential sales, sales investigations or contract investigations that it is involved in?

Mr. Winter: At the most recent meeting, which was a week ago--the company has demonstrated a working prototype but is not yet selling. We will have that information as sales start to develop.

Mr. Pope: Have you done a recent analysis of the--perhaps I can put it another way. The same criteria that led you to a come to a mutual conclusion with Mr. Graham--

Mr. MacKinnon: If that is what has happened.

Mr. Pope: --not to loan or further invest, would you, using those same criteria, give loans or investment dollars to Wyda?

Mr. MacKinnon: That is an interesting question. Perhaps I can talk a little more generally about Wyda.

Mr. Chairman: Can I intervene? I will allow you to answer that question, and then I will encourage Mr. Pope and other members to direct their questions towards the original reasons for you gentlemen being here today. We are going to be dealing with these questions at future meetings. We had originally asked Mr. MacKinnon and Mr. Winter to be here in respect of the Clarkson Gordon studies, the costs that were involved and why Mr. MacKinnon and Mr. Winter did not pursue the matters to the extent that this committee felt they should be pursuing them. If after this response, members could try to confine ourselves to that, we would appreciate it.

Mr. MacKinnon: Wyda is a company that produces computer software designed to assist in the development, analysis and manufacture of products. We have found the nature of the product to be attractive. Wyda as a company has, in our view, met our expectations over the course of the last two or three months in terms of its product development and the development of the enterprise as a whole.

In terms of judging our future action, I would not want to discuss that in any detail at this point, except to note that page 65 of the select committee's report would be very useful to us as we make that decision.

Mr. Pope: And Clarkson Gordon's. Was it your understanding that they would do an audit when you asked--

Mr. MacKinnon: No.

Mr. Pope: A financial review? Am I using the right terminology? I understood them to say financial review.

Mr. MacKinnon: It was a financial review of the accounts and of the banking arrangements of the company. Perhaps I can talk about that issue just for a moment. It may help questioners formulate subsequent questions.

When the request came to our council that you wished us to undertake a review of Wyda, we were anxious to get on with that job quickly. We of course wanted to serve the committee, but in all these cases, ambiguity or doubt about any of the companies involved in the portfolio causes us concern too, for reasons that are obvious. We were anxious to get on with it for both reasons.

We did commission a review. Mr. Winter supervised Clarkson Gordon. I should say too that we pulled out all the stops. We instructed them to work very quickly and if necessary, to do overtime and to work on weekends, to do whatever was needed to get that report in the hands of the committee and, secondarily, in our hands.

We are satisfied that given the nature of all the circumstances concerned, the report was very helpful to us and I think it was helpful to the committee. I understand that some concerns have arisen since then with respect to the cost of the report. My sense of it is that, first of all, we may in part be the cause of that, because we instructed them to work with all the stops out--weekends, nights, etc.--so I suppose we bear a degree of responsibility for the cost.

Second, the committee and we are buying for that money, in terms of cost, not just the work of the financial review but also the consulting company's certification, basically, of several important questions. My experience has been that when you do that, the thing bounces up the layers in the company and it does quickly get expensive, but you do eventually get the kind of certification you need.

I am sure Clarkson Gordon would be happy to provide us with any particulars that would be appropriate. I might say in regard to the cost of the report that I discovered upon inquiry from Mr. Winter yesterday that we had not yet sent the committee a bill, and I wish to signal, if I can, that I do not propose to be quite as diffident in future and that we would propose to send you a bill. I suppose I should refrain from reminding you, but our usual terms are 30 days, and we enforce our receivables quite firmly.

Mr. Pope: Talk to our accountants.

Do you think it is normal, when money is being invested, that outstanding debts not be investigated to determine whether they are bona fide debts?

Mr. MacKinnon: First of all, in responding to that question, I have to plead that I was not there at the time; my judgements therefore come from reading files and secondhand data. However, my understanding is that, to some degree, the issues that I think you are referring to were examined by the Innovation Development for Employment Advancement Corp. staff at the time. My understanding is that those issues were indeed explored at various times in various meetings. Resolution of each meeting in exact detail I cannot comment on.

Mr. Pope: You are a banker. You are now in charge of the ODC. You therefore are a resource with whom this committee should be able to talk in terms of the standard process. I do not think I am misinterpreting. Three members were here.

11:30

My understanding is that Mr. Philip, in his examination of the Budgrove debt, decided he did not want to go beyond the statement of debt to look at whether it was bona fide or to look at it in the light of the debt restructuring package that Mr. Dobzinski put together before the board approved, because he felt there was at least half a million dollars' worth of computers in the office and, therefore, there was at least that security for the outstanding debt to Budgrove. Am I misinterpreting that? My understanding was that he never thought to examine it beyond the mere statement of debt, approximately \$450,000, because there was at least that value of computer equipment there and he therefore did not have to look at it.

Mr. Wildman: He seemed to be most concerned about collateral.

Mr. Pope: It was collateral more than whether the debt was bona fide or whether the debt had already been repaid in the debt-restructuring process of Mr. Dobzinski.

Second, there does not appear to have been any investigation of the status, the term and the documentation of the shareholder's loan. How long had it been outstanding? Was there a natural promissory note? Was it reflected in the financial records of the company prior to the closing date? Was it in the minute book of the corporation prior to the closing date? These are the nitty-gritty evidentiary issues that a prudent banker would look at in making an investment decision.

Mr. MacKinnon: I can deal with the normal practice question of a bank. We would normally look at every major real or proposed inflow or outflow of cash from the company. We would satisfy ourselves to a reasonable degree--not to the last degree, because it is too costly to do it to the final refinement--but we would satisfy ourselves to a reasonable degree that we knew the terms, the conditions and the purposes associated with those flows.

Mr. Pope: One of the things that concerns me--and my friends will recall--is that I asked for the custom documentation on the value of the equipment and I still have not received it. We are talking about \$1.5 million that went out through the company in 11 days.

Mr. MacKinnon: I understand your question. Maybe I can approach that for a moment in terms of normal practice as opposed to the specifics of the case; I think I can be most helpful to you in that way.

We are finding, as I think others find, that lending to high-technology, technology-intensive companies is different in many important respects from lending to more routine manufacturing operations. Maybe I can just run through a couple of them, because several are germane to this case.

One is that it is often hard to determine the valuation of the assets concerned. Computer software is worth what someone will pay for it, and what someone will pay for it is determined by how much he or she thinks can be earned from it. The valuation of software and, to a lesser degree but still to a substantial degree, of hardware, is subject to wider ranges than is usual in the case of more traditional, less technology intensive companies. That is one issue.

The second issue is that sometimes the main value of some technology companies is their intellectual assets, which can be shifted and transferred back and forth. Given that they are so easy to use and to copy for purposes different from their intent, sometimes the usual kinds of due diligence--which is what we call it, but you do not--is not done on those assets, simply because the conventional methods of protecting, of taking securities in relation to them, are of little real value.

Those are the two normal situations that we find in this type of company in our lending operations. Both difficulties would have been relevant to the decision-making of the IDEA Corp. people involved. It is an issue that causes us constant concern within ODC itself. Those are just more difficult decisions to make, the range of uncertainty is much broader and conventional security and methods of safeguarding your investment or, in our case, your loan, in relation to the assets are harder because they are so easily transferrable and they exist only on plastic or on paper.

Mr. Pope: Did you, ODC or Clarkson ask to see the contractual bases of the Budgrove debt?

Mr. MacKinnon: I will make one observation in general terms, for reasons that will be obvious to you. When we inherited the portfolio, we were dealing with an investment that had been made at ODC. However, as members of the committee will know, particularly in the light of the discussion on page 65 of the report on the Wyda case, it is fair to say we will shortly have some decisions to make. At that time we will probably make inquiries of the kind the committee has described in the report as being necessary.

Mr. Wildman: I have a couple of questions that follow on what Mr. Pope was asking previously, as well as the questions on Clarkson Gordon, if that is acceptable.

I want to pursue very briefly the management of the portfolio when the transition was taking place. What was the role of IDEA personnel in advising or assisting ODC to take over management of the portfolio?

Mr. MacKinnon: There is no uniform answer to that question. In some cases, when we took over the portfolio on July 2, we took some officers from our established lending operations to help us run them, to loud protest from various parts of the corporation. We also engaged two of the IDEA Corp. staff on contract to assist us.

Mr. Wildman: Were they Mr. Logan and Mr. Cannon?

Mr. MacKinnon: No. Mr. Logan and Mr. Cannon remained with us for about two weeks to assist with the transition, and two other gentlemen remain with us to this day on short-term contracts. In addition to our lending officers, two people were associated with us for a considerable length of time and two people for a very short time to assist us after the July 1 date.

Mr. Wildman: Did they have input into the decision about whether further investments or loans should be made to Graham Software?

Mr. MacKinnon: They did not, and in recent days they have not been consulted on the case.

Mr. Wildman: Because of the same kind of concerns you were expressing earlier, problems of conflict?

Mr. MacKinnon: We felt that our understanding of the issues was very considerable and that we no longer had the need for any further advice at that time from them.

Mr. Wildman: All right. I will leave that.

With regard to the Clarkson Gordon bill, do you have an itemized bill?

Mr. MacKinnon: I do not believe we do, sir, but I am sure Clarkson would be happy to provide further particulars if that is what the committee wish us to get.

Mr. Wildman: You will understand that in this committee we had some serious concerns about a \$30,000 payment that was made for a lunch.

Mr. MacKinnon: Made for what?

Mr. Wildman: A lunch. We were then faced with another \$30,000 bill for something more than a lunch, but not for nearly what we had expected.

Mr. Epp: Mr. Wildman, you know that was not quite true, \$30,000 for a lunch; you know that was not quite accurate. Usually you are a reasonable person and you do not try to mislead, but you are trying to mislead now.

Mr. Wildman: I am not trying to mislead. I think that was by far the most expensive lunch that ever took place in this province.

Mr. Epp: It probably is, but--

Mr. Mancini: Mr. Wildman is just trying to have a little fun.

Mr. Philip: Even the Industrial Accident Prevention Association could not justify that kind of lunch.

Mr. Wildman: I was not even suggesting that. All I am saying is that we as a committee were then faced with a bill in a similar amount for a report that did not do what we had hoped it would do, certainly not in the detail we had hoped there would be.

Mr. MacKinnon: Mr. Wildman, I will defer to Mr. Archer on some of these questions, but that raises part of the question about the nature of my written reply to Mr. Runciman about two weeks ago. An audit is an audit or a financial review is a financial review. Even if you had a full audit of this company's accounts, with full and exhaustive details, if there were significant wrongdoing or real concern about the behaviour of any individual associated with the company, the chances are very good that the most full and exhaustive audit that you could conduct in the world would not pick it up. The members may have been looking for a degree of precision that, in my view, could not have been satisfied by even the fullest and most exacting audit. That is the first observation I make.

11:40

The second observation is that we were generally happy with the Clarkson Gordon report, although not necessarily with the invoices. We felt they had certified that these expenses were typical of the expenses incurred by this type of company at this stage in its development. We felt, and still feel, that this assurance, coming from that company, should be of material assistance to the committee in narrowing the range of uncertainty that faces it in confronting this problem. However, it will not remove it. I cannot think of anything that would completely remove it, in the nature of an audit or in the nature of a review of statements in an inquiry.

Mr. Wildman: I understand what you are saying. When it requested this, the committee was aware, in particular because of the time frame, that it was not requesting and did not expect an exhaustive audit; we were asking for a review. One of our principal concerns was the question of an investment of this amount used for restructuring the finances of the company. I know you may have some problem with that, but that is my interpretation.

Also in that regard, it might not necessarily have been a bad investment if it was determined that, in the long run, the development of the product by that company would be a significant new technological development that would lead to a profitable operation and to the production of jobs and so on related to it. This is if it might help to bring about the technological innovation that was desired.

We had hoped there would be a review of that financial restructuring to determine whether, in dealing with the debt question, those expenditures would be considered legitimate for the overall aim of helping a company to develop new technology. I am not sure we got that. Are you saying we could not have got it?

Mr. MacKinnon: Perhaps I can come back to that in relation to some previous comments I made, Mr. Wildman. It was my understanding that the transactions involving debt retirement were linked with the evaluation of certain assets of the company--that is, computer hardware and computer software.

Mr. Wildman: You talked about the difficulty of evaluating.

Mr. MacKinnon: We face this every day and we wrestle with it at all times. In my view, those are very difficult questions to handle with any degree of real precision. I ask you at that point to put yourself in the position of the auditors, or indeed that of Mr. Winter, with this very real problem that he sees every day, that I see every day and that the auditors see every day. They know that if you are precise about some of those situations, to some degree the precision you are implying is itself misleading because it is not there; it cannot be guaranteed in terms of the analytical techniques available to the auditors or to ourselves. In cases where precision is impossible, we do not like to imply it.

That is a question we will be going into in greater detail next week at the crown corporations committee, because it underlies some of our own lending decisions. I repeat that it is the same kind of problem. Given what we asked him to do, given the difficulty in valuing those kinds of assets, the report was--that simplification is not a bad product under the circumstances. That leaves aside the questions of cost.

One thing I will undertake, if the committee's wishes, is to go back to Clarkson Gordon and get particulars of the account, prior, of course, to Mr. Winter submitting it to the committee for payment.

Mr. Wildman: That would be useful for our purposes.

Mr. Epp: Mr. MacKinnon, I apologize if you answered some of these questions while I was rushing in and out here. With respect to the investments that IDEA has, there seems to be a high casualty rate over a number of years. Can you explain why that is? I am talking about the period since the day of inception rather than just in isolation in the past two or three months.

Mr. MacKinnon: I am going to talk in generalities for a bit, if I may, for the reasons Mr. Pope mentioned. I do not want to ask you to go in camera, so I will confine my comments to the portfolio in general.

Mr. Epp: Fine. I appreciate that.

Mr. MacKinnon: In general, it is at a very early stage. A venture capital proposal is a very high-risk business. As I look at venture capital and at what a venture capitalist tries to do, he tries to inject investment money into companies at the very early stages of their development, when the least is known about their prospects for success. You do not know whether their technology is going to work.

Incidentally, to digress for a minute, I noticed a beautiful piece in

the current edition of the Financial Post which said that in 1948 a major industrial corporation certified publicly that the computer had no commercial future. A statement was issued by that company saying the computer had no commercial future, and the company was IBM.

Mr. Epp: I would agree with that.

Mr. Gillies: I hope the analysis was not done by Clarkson Gordon.

Mr. MacKinnon: Mr. Gillies, I will refrain from giving my--

Mr. Gillies: Only kidding.

Mr. MacKinnon: It is a very creative job. You are trying to invest money in a company at the stage where the least is known about its technology, where its management team remains to be proved and where its markets are, at best, hypothetical. That is a very risky, creative undertaking. If you are a very good venture capitalist, you may hit it right 10 per cent or 20 per cent of the time. Thus, you can expect as a matter of routine, in a major venture capital portfolio, that out of five cases you may do well on one, you may pass on another and you will probably lose on three. If you are working with the averages, those are the averages you will probably get if you are a successful venture capitalist.

Mr. Epp: One and three.

Mr. MacKinnon: People will give you different ratios but, broadly speaking, they conform to that distribution. You are running a very high-risk business. In the case of the portfolio at this time, from the information available to me, which is very detailed, it would not surprise me at all five years from now, if we are successful in managing the portfolio, if we conformed to those generally accepted rules.

There is an observation I would make on a particular problem with the portfolio, which is that you have a composition problem in that portfolio in that three of the major deals are very big deals in relation to the overall size of the portfolio. Two of the cases that have come to public attention involve those bigger cases. Thus, in dollar terms as opposed to the number of companies, we are going to have a hard time conforming to that ratio, although I expect we will do so in the number of companies.

These are the very early days. There have been problems in the portfolio, and they are serious problems because of that composition issue. However, overall, I expect we will get some successful companies out of this portfolio in time.

I come back to page 65 of the Caplan report. It is clear as I read this that even in the case of Wyda, this committee had some of the same kinds of feelings. If I may make another observation that may be useful surrounding that question--I used the IBM 1948 example--a goalie always looks awful in the instant replay, and the instant replay is unfortunately what gets flashed up on the screens. The day-to-day, brick-by-brick, mortar-by-mortar aspect of building a business does not get that same attention.

11:50

My concern and Mr. Winter's concern is that a great many people running companies in this portfolio are performing that day-to-day and brick-by-brick

job. They are doing so to our complete satisfaction in many cases, and we hope to be of substantial assistance to them in creating businesses that actually go somewhere and generate jobs and incomes.

That is a long, roundabout answer, but (a) it is early days, (b) it is easy to judge after the fact and (c) we are still quite hopeful that we can manage this portfolio. We hope when this committee looks at it five years from now, the committee will judge many of the people in the portfolio to have made a positive contribution to Ontario and will judge our stewardship to have been reasonable and effective under the circumstances.

Mr. Epp: What is the status of that Wyda investment breakdown?

Mr. MacKinnon: I am glad you asked that, because Wyda--

Mr. Epp: Has that been asked before?

Mr. MacKinnon: No, it has not, but I referred to it.

Mr. Epp: Mr. Pope is usually a very thorough questioner. I am surprised he did not ask it. I am asking about the status of the IDEA investment in Wyda right now and I am surprised he had not asked it.

Mr. Pope: I did ask it, but in another way.

Mr. MacKinnon: Since we assumed the responsibility, Wyda has fulfilled its commitments in a business sense and has performed to our satisfaction. We will shortly be faced with a decision of whether to make an additional investment in it. The company appears to have met its milestones, subject to the kind of inquiries mentioned a few moments ago, which were very much the kind of inquiries the committee has listed on page 65 of its Caplan report. We will look at it carefully. We have found the Caplan report to provide some useful guidelines to us in that respect.

Mr. Epp: I am not finished yet, but if you want to ask your supplementary on it--

Mr. Philip: I believe we have a vote at noon, and some of us have been on the list for some time.

Mr. Epp: I will be extremely brief.

Mr. Chairman: Mr. Epp still has the floor. It is his right to continue.

Mr. Epp: What lessons do you think the ODC has gained from the investments made by the IDEA Corp.? How do you think they are going to affect the administration in the future? That is a loaded question.

Mr. MacKinnon: I think there are a lot of lessons.

Mr. Wildman: Invest early and invest often.

Interjection: And a lot.

Mr. MacKinnon: We have learned a great many lessons. Perhaps I can talk about some of them. I have divided our lessons into two categories, those that deal with the portfolio and its management and those that affect our other programming and other commercial programs to the government.

With respect to the IDEA program itself, I will say a couple of things. One is that the quality of supervision of an investment after it is made is at least as important as, and may be much more important than, the actual making of the investment in the first place. If I were asked what the priorities should be in managing a venture capital portfolio now, I would say (a) supervision, (b) supervision and (c) supervision. Make sure that it is consistent, effective and daily. That is one lesson we will apply much more broadly.

This refers to comments I made a few moments ago, and again I am going to come back to the IBM 1948 example. The instant replay syndrome is a serious problem if you are trying to judge your track record at making investments. It is very easy, when you are in a situation, as we are, of supervising a portfolio, to go back into the files and ask management and assume that things were done wrongly and carelessly because they have the appearance at first of having been done so.

Sometimes we have faced that real temptation. In the light of what happened, sometimes what you said or did at a particular time looks silly. It sometimes looks unfathomable, but in most cases, when you dig beneath it, in terms of the actions of the people who are running the companies in this portfolio, you find a reasonable and decent explanation. My second lesson would be: Do not be too harsh in judging what the investors did or did not do in the light of the subsequent knowledge we have been able to gain. In the instant replays, they will always look foolish, but that does not mean they are.

Mr. Epp: I have one last short question. There seems to have been a surge of investment by IDEA after February 19.

Mr. MacKinnon: Yes, there was.

Mr. Epp: That was after the wind-down was announced. Why did that take place?

Mr. MacKinnon: Again, I was not there, but I have looked at that question quite closely, as you might imagine, and there are three or four explanations. I can think of three principal explanations that would explain it rather well, in my view.

The first is that IDEA Corp. had many changes of strategy in the first couple of years of its life. There seemed to be considerable vacillation in terms of what and how it was doing it from 1981 to 1983. The then Minister of Industry and Trade was concerned publicly about that and so expressed himself. My sense is that during that period of uncertainty, there was a steady buildup in the number of people seeking to deal with the company, but they were unable to do so. In fact, they were unable to do so until the company made a major change in strategy, as I recall, in April 1985, at which time major management changes and a new management team came in.

They then started an investment strategy making venture capital investments in the way it had been envisaged some years before. Therefore, there would have been a two-year cumulative buildup of people who wished to deal with the company up to the point when that change in strategy occurred, but who would have found themselves unable to do so. That is the first reason, in my view.

The second reason is that the concern partly expressed about IDEA Corp. by the then minister and by others, particularly late in 1985 as the possibility of it being wound down became clear, would have led to a surge effect, that is, people trying to get in before the thing happened. That would be the second contributing factor.

The third factor is a phenomenon we see all the time with new programming. After you put a new program in place, there is usually a considerable period before funds flow. This change in strategy was put in place in April 1985. In the normal course of events, you would be dealing with a great number of people at that time, but the funding would not flow until several months later.

Those are the three explanations: The cumulative vacillation effect, the surge effect and the normal effect that results from the startup of a new orientation to a program. In my view, that is the most important question we have to deal with in looking at the IDEA Corp. in the last stages of its life, and I submit that those three factors explain that surge.

Mr. Epp: There must have been quite a bit of pressure on the players at that time. I am talking about the staff at IDEA too.

Mr. MacKinnon: There would have been. They made the changes in April. You would not normally see the full effects of those changes for several months thereafter. I think that is how it happened.

I can understand the question. Mr. Gillies has asked it in several other forms, and it has been asked in several places. In my view, the explanation for the flow of funds after the February 19 decision is entirely a technical matter, and it relates to those three factors.

May I add one supplementary to that comment? I am aware that the issue of the decision to serve customers in the pipeline has been the subject of extensive discussion. Technically, as a manager of another program, I am very happy that decision was made at that time. When people deal with a government agency which is offering a program, they are entitled to expect that effectively, the government is the author of a service. When engaged in a discussion with somebody about providing that service, there is an implied type of contract that we are offering the service and they want access to it. From the point the discussions start, the person on the receiving end of the program changes his actions to some degree because of the discussions he is having with the government agency or body. If the government agency or body interrupts that in an arbitrary way, it causes major difficulties for the person on the other side of the implied bargain.

12:00

In turn, and this is a lesson that to me is very important about the whole IDEA experience, that comes back to the wider effects on other government programming of the controversy that has surrounded IDEA. In terms of this program, we may have incurred some costs by meeting the bargain in every respect in the February 19 announcement, but we have reaped major benefits in terms of other programs of the government. There is a greater sense that people, even when it costs money, will deliver the program. We kept to our implied bargain. For people who run other programs, such as I do, that is a very important point and is probably a very important point underlying the content of the February 19 announcement.

Mr. Chairman: Mr. Philip has asked for 30 seconds to correct the record.

Mr. Philip: I want to comment quickly on your last answer. I think our next stage is Mr. Gillies's and Mr. Pope's motion, which I hope will be helpful to the future management of the portfolio as a result of the insights you get from it.

I want to deal with a matter Mr. Epp raised earlier. In the heat of our earlier debate on Mr. Lewis, he asked me to withdraw the word "blackmail." I had used it in a colloquial sense rather than in a legal sense. Mr. Lewis has always been helpful and I have always known him to be an honest person. Therefore, I was not implying any dishonesty in the legal sense of blackmail. I was indicating he was using his leverage and that the Liberal government had bowed to that leverage. I am always worried that words will get in the way of the real focus. The real focus here is on the fact that the government caved in to the pressure Mr. Lewis was using. Therefore, I withdraw the word "blackmail," even though in a parliamentary sense I am not obliged to do so. It may get in the way of our future inquiry and upset the Liberal Party greatly, or indeed upset Mr. Lewis, which I would not want to happen, so I withdraw the word "blackmail."

Mr. Gillies: I will be brief. We are going to have to go through a vote shortly. I have two questions. One was partially dealt with when you were replying to Mr. Wildman. Based on your experience in the private sector and in your various dealings on Bay Street, is there really any way we can place a value for money spent on the report that was done for us by Clarkson Gordon? One of our concerns in asking you here today is that a number of the committee members do not have a lot of experience in paying for audit-related functions. Do you have any sense whether the invoice in any way approximates anything in your experience for the work done?

Mr. Pope: Watch your answer because my father and my twin brother are accountants.

Mr. MacKinnon: And you are a lawyer.

Mr. Epp: Are you sure it is not your twin brother here today and you are out there?

Mr. MacKinnon: The first observation I will make is that for some part one has to reserve judgement. I have undertaken to go back to Clarkson Gordon and get particulars of the services it performed. We will do that and provide them to the committee, along with our invoice.

Mr. Wildman: You keep saying that.

Mr. MacKinnon: My second observation is that in the ministry, in this portfolio and in our other operations, probably in deference to Mr. Pope, lawyers and accountants are very expensive in this kind of situation. There is no easy way. If you want a company to go through three or four layers of management and certify something as fundamental as what we have asked Clarkson Gordon to certify in this case, you are not going to get it cheaply, and if you do get it cheaply, it is not worth anything.

Mr. Gillies: Fair enough. I will look forward to the other documentation you will be providing for us. My other question concerns the policy of the ODC regarding consultants. I am talking about outside

consultants acting for potential investments. My interpretation is that there was some confusion within IDEA about the policy. As part of the evidence in the Caplan inquiry, there was a statement in a board of directors' minutes saying this had never been done, that the IDEA money was not paid out for consultants; then later there was some verbal evidence about whether that was the case or not.

Can you tell us what the policy has been at ODC?

Mr. MacKinnon: Our policy is to deal face to face as much as possible, and in all cases we would do that. We would not make a loan without dealing face to face in some detail with the person involved in that loan.

In one case in recent months a consultant did phone me up and say he was representing such and such a business. I said, "Tell him to call me." We are not interested in dealing with intermediaries when we are lending money. We want to see the guys.

Mr. Wildman: Even at lunch; particularly at lunch.

Mr. MacKinnon: It is a hypothetical situation. I do not know what I would do, but we deal face to face.

Mr. Gillies: I think you will find the committee very supportive of that policy and I commend you on it.

As a supplementary to that, is that by extension your policy in dealing with the IDEA portfolio as of June 30?

Mr. MacKinnon: It is, but I hasten to add that our situations are totally different. We are not making investments in that portfolio. The issue is the management of the portfolio, and as you can see from the comments we made earlier, Mr. Winter and his group are managing it day to day.

We really try to be there. As I said earlier, the three things most important in the management of this kind of portfolio are supervision, supervision and supervision. You have to be there and you have to pay the costs. This is a very expensive undertaking for us, not so much in terms of dollars. It is labour intensive, as is any venture capital business. We are committing considerable resources in some of our most talented people to the management of this portfolio. We are dealing in a very hands-on way and we would not deal through intermediaries.

In some cases we do things that might look like intermediaries. For example, in the case of one company--it is in fact Graham Software--we engaged a merchant banker three, four or six weeks ago, something like that, and we asked him to go into the company and advise its management as well as us on what he found. In that type of case we would sometimes engage an outside consultant as an adviser to either or both parties involved in the investment.

Mr. Gillies: But the bottom line is that, in the client's approach to you, you prefer to deal head on.

Mr. MacKinnon: Absolutely.

Mr. Gillies: Thank you very much.

Mr. Philip: I recognize the difference between managing a venture or

risk portfolio--a creative portfolio, if you want--and managing blue chip stocks. Do you find that you have to plan the management teams that are dealing with a particular company in such a way that you have a balance between the more conservative, bottom line type of personality who says, "I am there to protect the taxpayers from losing money," and the more venturesome, creative personality who says: "Gosh, let us go. Here is a great idea, and we are going to put this on the moon and make millions of dollars for the taxpayers"? How do you balance that? Often it is necessary from a management point of view to team up people who have the two sides because people, being what they are, usually do not have a balance between the two in themselves.

Mr. MacKinnon: Anybody who lends or invests money in any quantity has that problem to some degree. The basic mechanism that 500 years of banking and investment tells you is to make sure that nobody is able to make a lending or investment decision in all its aspects himself. You have to have checks and balances; you have to have other people involved in the process.

12:10

I will come back to that again at the crown corporations committee next week. They have asked us to come back and discuss those issues. In a general sense, what we do is if one of our loan officers recommends it, the director of his branch or his manager must approve it. Then the director of loan applications, if the loan is less than \$50,000, can approve it, so at that level, there are three people. If the loan is between \$50,000 and \$100,000, then I approve it, so there are four people involved in the decision. If it is more than \$100,000 and less than \$250,000, our board acts upon my recommendation normally. Above that level, an order in council is required.

Mr. Philip: Is it your feeling that the board goes into fairly great detail or does it tend to accept your recommendations?

Mr. MacKinnon: The board has its own mind. At all levels in that relationship, there is tension and there should be. We had a terrible row over one case, internally. The loan officer wanted to make the loan, his manager did not want to make the loan and the director of the branch wanted to make the loan. There was paralysis, and at that point, my opinion was sought. If the loan had been above a certain level, then the board would have looked at it, and the board is a group of independent Ontario businessmen.

Mr. Philip: Are there instances where the board has overturned your decision? I do not want a specific instance, because I do not want to deal with company confidences, but are there specific instances where the board has said: "You are just a little bit overzealous on this. It is a bad risk"?

Mr. MacKinnon: Very recently, there have been a couple of such cases. The board definitely will make those decisions. It has not and should not have any reservations about overturning management recommendations. They do make those kinds of decisions and they should.

In the case of the subject of the IDEA portfolio, maybe I can explain how we make the decisions we make on that. Because it does not conform to our established lending structure, the decisions about what we want to do are made by Mr. Winter and me. In cases where a significant company is involved or one that is rather sensitive in terms of provincial strategy and economic development implications, as many of these companies are, normally at that point I see the Deputy Minister of Industry, Trade and Technology and say, "Here is the situation and here is what I propose to do." He will say, "I

concur." In almost all cases to date, he has said, "I concur."

There was one case in the portfolio I would rather not go into in public where we were taking action that was very dramatic and highly unusual, for reasons our lawyers are explaining to me and I do not fully understand. We had to do something that was highly unusual and highly dramatic and might seem to have ramifications for other operations. In that case, I felt I should consult with the chairman of our board, who is Doug Johnson from Kenora.

Doug and I had a long chat about that. His concern is not so much the specific investment decision; his concern is that if you do something that seems to be crazy on Bay Street, is that going to affect everything else you do. In that case, he and I made the decision, and the decision was yes, we would go ahead and do the action and take the risk. I am pleased to report it turned out exceptionally well, but in a case where there is a very risky decision such as that and the board is not meeting soon, usually I will talk to the chairman of the board concerned. We will go into it in some detail as we did in this case, which was an important portfolio-related matter.

Mr. Gillies: One last very brief question: You mentioned a merchant bank being brought in to advise on a software matter. Did they give you a written report?

Mr. MacKinnon: It is fair to say they provided written materials, which at this point I do not see how I could make available, but the essential content of their report was verbal.

Mr. Chairman: Thank you, Mr. MacKinnon and Mr. Winter, for appearing today. I am sure we will see you in the very near future on the basis of the motions that were passed earlier today.

Mr. Philip: In addition to the debate on my motion which, unfortunately, has been put over now until next week, do we have anything else scheduled? I do not like to see the committee's time wasted. It is unfortunate that we cannot start immediately on our inquiry.

Mr. Chairman: We will have to have the subcommittee meet, perhaps tomorrow, if we can pull something together. Today? Fine. We will see if the clerk can get the four of us together for 15 minutes.

The committee adjourned at 12:15 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

SAFETY ASSOCIATIONS

RETIREMENT OF CLERK

IDEA CORP.

ALLEGED CONFLICT OF INTEREST

ORGANIZATION

PREMIER'S TRAVEL EXPENDITURES

THURSDAY, OCTOBER 23, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Barlow, W. W. (Cambridge PC)
Davis, W. C. (Scarborough Centre PC)
Epp, H. A. (Waterloo North L)
Mancini, R. (Essex South L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Ramsay, D. (Timiskaming L)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Knight, D. S. (Halton-Burlington L) for Mr. Ramsay
McLean, A. K. (Simcoe East PC) for Mr. Pope

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, October 23, 1986

The committee met at 10:13 a.m. in room 151.

SAFETY ASSOCIATIONS

Mr. Chairman: If all members have a copy of the agenda in front of them, I am going to allow Mr. Philip to give notice of motion on a matter dealing with the Industrial Accident Prevention Association of Ontario before we get to the regular agenda.

Mr. Philip: My intent in moving this notice of motion is to deal with where we go, having received a report from the Provincial Auditor as a result of my motion, which was supported in this committee, for an inquiry by the Provincial Auditor into the Industrial Accident Prevention Association of Ontario.

You will recall that the auditor brought down a report that was one of the most damning reports on any organization I have seen appear before us in the history of this committee. It pointed out deficiencies in the association's practice with respect to travelling and hospitality expenses, purchasing procedures, controls over movable assets and inventory of literature. Most damning of all for an organization that spends some \$13 million plus, there were inadequate mechanisms in place to measure the effectiveness of the association's programs.

We had hearings at which this association clearly could not answer the auditors' complaints and the more we questioned it, the more uneasy members of all three parties became with the management of this association.

My motion starts off at that point. It says that we have "concluded a second set of hearings into the financial and administration operations of the Industrial Accident Prevention Association," and that we are "unsatisfied with many aspects of the associations' performance," despite the deathbed repentance this association had in assuring us that reforms would be put into place.

My motion attempts to say that we need some fairly concrete proposals that will deal with the mismanagement of this association. When we are talking about squandering money that is spent on safety education, we are talking about squandering people's lives and futures. For every dollar that is not spent properly, we are talking about dollars that are not spent saving people's fingers, backs and lives.

The motion deals with 20 recommendations and I hope you will adopt them with any additions you may see fit.

The first two are probably the most important. The first moves, "That the funding devoted to the organized and unorganized workers in the provision of occupational health and safety services equal the funding currently provided to provincial safety associations." The second says that there should be independent or "worker-controlled clinics to provide medical services and conduct testing for work-related illnesses." In addition, numerous parts deal

with ways in which we can have this association monitored more closely and can put in the types of controls that are necessary to protect the expenditures.

One of the recommendations is fairly clear. It says that the management of the organization has proved itself to be inept and that certain terminations are necessary. I have put it in polite language but let there be no mistake as to what I am saying. Certain people in management positions at IAPA should be fired forthwith. If you talk to some of the boards of the IAPA, they will probably find some relief in this because it means we will have told them to do what I think deep down in their hearts, having sat through this inquiry, they know they should do. It may make things easier for them from that point of view.

It also suggests that an adequate research program be started to measure the effectiveness of the organization. It suggests that they cut out the wasteful central conventions and develop instead regional programs that will actually reach workers. It suggests that more emphasis be placed on both management and workers understanding what the present act says, thereby ensuring that the act is enforced and followed.

It also suggests that the Provincial Auditor review the IAPA's practices in certain respects.

I hope the members will carefully consider this. I am not going to ask for unanimous consent to have it voted on now because it is a fairly complicated and comprehensive document and you will want to study it. Perhaps you will want to study it for a couple of weeks or so. Then we can debate it and vote on it. I thank you for listening to me on this matter. I hope that you will go back to your caucuses and talk to one another so that we will have some dialogue on this. It serves as the basis for the section of our next report that will deal with our inquiry into IAPA.

Mr. Chairman: Mr. Philip, it is a notice of motion and the subcommittee can determine when we will deal with the motion.

10:20

RETIREMENT OF CLERK

Mr. Chairman: Moving to the next item of business on our agenda--we will again be listening to Mr. Philip--there is a motion by Mr. Philip dealing with the former clerk, Roderick Lewis.

Mr. Philip: Is it your pleasure that I read the motion? Perhaps I should since it is fairly short.

Mr. Chairman: Yes.

Mr. Philip moves that the standing committee on public accounts immediately investigate the exorbitant severance and pension package the Liberal government has agreed to confer on its Clerk Emeritus, Mr. Roderick Lewis.

And further moves that this committee call before it such expert witnesses on wrongful dismissal actions and pension provisions as it deems necessary to question the government's assertion that the severance and pension benefits bestowed on Mr. Lewis were legally necessary. In particular,

that the following people be requested to appear before the standing committee on public accounts:

Mr. Robert Nixon, Treasurer of the province of Ontario, and Mr. Brock Smith, Deputy Treasurer; Mr. Robert Carman, secretary of cabinet; Mr. Gregory Sorbara, MPP and Minister of Colleges and Universities; Dr. Edward Stewart, former secretary of cabinet and Deputy Minister, Office of the Premier; Mr. Roderick Lewis, Clerk Emeritus, Legislature of Ontario; and such legal and personnel experts on wrongful dismissal as the committee deems advisable.

Mr. Philip: If I can deal briefly with the motion, I would like to say some things I did not say last week in my notice of motion. To say the least, I find it upsetting that Mr. Lewis should be obtaining a pension at a cost to the taxpayers that is equivalent in one month to what many senior citizens in my riding will receive in a whole year. We have to deal with the basic problem of the resignation. I call it a resignation. Can the Clerk's words in the House in July be considered to have constituted a resignation?

Mr. Lewis said at that time: "Seventy-five is a good, round figure. I came to the conclusion that it was time to step forward to something different with less exacting hours." I refer you to Hansard, page 2181. It seems to me there is something quite silly about the fact that this final chapter in the House, which was probably clearly understood as the benchmark in the Clerk's departure, was then followed by his protracted refusal to move out of his office to make room for his successor who was chosen by an all-party committee in September.

The question is not what actions Mr. Lewis took, per se. The real issue before us is the government's role in this. Did the government receive legal advice? Questions in the House do not seem to give us very clear answers to that. Was a written legal opinion given to the government on this matter? Questions from both Mr. Grossman and Mr. Rae seem to indicate the government may have received some advice from the Attorney General (Mr. Scott), but it is very vague.

If so, was advice from the Ministry of the Attorney General, or whatever legal opinion was obtained, given to Mr. Lewis, and if so, when and how, and if not, why? Where did the Minister of Colleges and Universities (Mr. Sorbara) get his \$10-million figure from? Here is a man who appeared on television and said, "I am a lawyer and I know that if we had not agreed to what Mr. Lewis was using his leverage for, we would have had \$10 million in costs."

To start looking at that question, I outlined a series of questions in my press release in moving this inquiry that deal with some matters surrounding the event. Let me deal with some specific questions I have not raised in great detail in the press release.

The first question we must look at is, was Mr. Lewis a crown employee? I think the conclusion must be yes. He is appointed by order in council under the Public Service Superannuation Act. Subsection 74(2) of the Legislative Assembly Act says appointment is by the Lieutenant Governor in Council. The next question we must ask is, if he is a crown employee, and that seems to be fairly clear, can crown employees be dismissed at pleasure? Looking at all the documents we have at our disposal, I think the answer is yes.

If he can be dismissed at pleasure, then we deal with the whole principle in law of whether people appointed as crown employees can be dismissed for cause. The answer to that is no; they can even be dismissed

without cause. That is fairly clear. Crown employees may be dismissed without cause.

Is there anything about Roderick Lewis that makes him different from any other crown employee? We have to answer yes. The answer is found in subsection 74(2) in which a very interesting clause gives him recourse in a sense that makes him more like a private employee. Hence, if he were removed without cause, one might conclude that he has recourse to sue in the same way as a private citizen working for a private employer has.

If that extra clause were put in there to make him more like the president of General Motors or some high executive in a private enterprise corporation, was there any evidence of dismissal without cause? One might argue in that case that Mr. Lewis had already announced his resignation publicly in the Legislature and on TV; you heard my earlier quotation. As to his subsequent refusal to remove himself from his office to make way for a Clerk appointed by members of all three parties in this Legislature, such action would undoubtedly cause embarrassment and difficulty for the new Clerk. The former Clerk himself points this out in a letter he sent to some of the members of the Board of Internal Economy. Would that not be a reason or a cause for dismissal?

The other question we have to look at is this: Supposing the courts were to find that he was dismissed without cause. I think that would be a very questionable call, but suppose that in the worst-case scenario a court decides he was dismissed without cause, what kind of settlement is he going to get? First of all, what kind of benchmarks, what kind of rules and what kind of principles would they look at for some kind of settlement?

10:30

If we look at the private sector, we see that one of the principal benchmarks would be the effect this wrongful dismissal would have on this person's career. One must ask, in that case, what future career is Mr. Lewis going to be prohibited from having as a result of this dismissal? Clearly, the man is 75; it is unlikely he is going to apply for the position of Clerk of the House of Commons or Clerk of the Legislative Assembly of British Columbia, Saskatchewan or whatever. The courts would be fairly cognizant of that fact.

It is quite different if you have a 45-year-old president of a major company. If he is dismissed, his career pattern is hurt, and he is out a lot of money over the life of his career. Here we have a man who has said: "I am going to retire. I am going to prepare books."

When we have the proper authorities before us, I want to go into in detail some of the questions I have about such things as what the Manual of Administration has to say, the vacation entitlement, the age of retirement, the extra gratuity, the extras and so forth. Let me deal with one aspect now.

With respect to orders in council and senior appointments, the Manual of Administration states that the Legislative Assembly, "while retaining the right to employ those executives who can most effectively carry out its programs, will not arbitrarily release executives from employment." This underlies the commonsense claim that any employee can be unemployed, if I may use a word such as that, if he can no longer carry out the work of the institution most effectively.

In the case here, we have a man who obviously is in a position where he

has resigned. A new Clerk has been appointed, and common sense tells you that you are not going to have two Clerks of the Legislative Assembly of Ontario. How is it possible for this man to continue to carry out the work of the institution most effectively? Clearly, he can not. He cannot carry it out because there is a new Clerk in his position. That alone probably gives the right, under the Manual of Administration of the Legislative Assembly, to disemploy or to release, if you want, from employment.

Let me add one little wrinkle, because I think it is an interesting point and it is worth looking at when we look at all the intricacies of this package. If we look at the Public Service Superannuation Act, it says, "Appointments of those receiving an annuity or superannuation allowance under the Public Service Superannuation Act will be limited to a period not exceeding six months."

In other words, was the appointment of Roderick Lewis, in his new appointment of writing his book, a violation of the Manual of Administration or of the Public Service Superannuation Act? That may be something we will want to get a legal opinion on, because it may well be that he is not entitled to hold even that position immediately after holding his past position.

I have fairly detailed notes on exactly what settlements there were. I dealt with them last week. I have them here for anyone who would like to look at them. The Law of Dismissal in Canada by Howard A. Levitt lists what the recent settlements are. Very few are over 12 months. Even in the worst-case scenario, if Roderick Lewis had been awarded two years, we are talking about \$183,000. What is this bull Mr. Sorbara is telling us about \$10 million? It does not stand up.

We have a situation where the government decided to move into a different era and make an interesting package with Mr. Lewis. It said we were moving towards a new set of rules; it was time for a change, and members of all three parties agreed in appointing a new Clerk. Mr. Lewis was to go and write his book, which is interesting because there was a story in the Toronto Telegram in 1966 in which Mr. Lewis said he was working in his spare time on a new version. He said he hoped to have the book he is now allegedly going to be hired to write by centennial year. It said Mr. Lewis intended to bring the second edition of his father's book up to date. That was in 1966. One can only assume he is being hired to do now what he said he was doing in 1966. If he wrote one page a day, the book would be about 7,000 pages by now. I hope it is not required reading for members of this committee when it is completed if it happens to be that long.

Mr. Epp: That will probably be your motion next week. It is something to work on.

Mr. Philip: Mr. Lewis's book may be longer in coming than my PhD thesis and longer in length, and it may be even longer than some of my motions.

Those are some of the issues we are facing. It is time for an open inquiry. It is clear that what happened was the government decided to proceed. Looking at the correspondence, there is great confusion on the part of Mr. Carman and others as to what exactly was negotiated with Mr. Lewis. They decided to proceed anyway. Mr. Lewis hung tough, the government caved in and then tried to rationalize it by throwing around irresponsible figures such as \$10 million.

I suggest that, as the committee is the protector of the public purse, it has a right to deal with this and find out why the government caved in and why it appears to have had such sloppy mismanagement in dealing with the matter. The public has a right to know, and I certainly want to know.

10:40

Mr. Gillies: We will be supporting this motion, as I indicated on the notice of motion last week. I repeat that I am very disappointed we are not getting into the meat of the matter and having the inquiry this week, which we could have done if the Liberals had granted unanimous consent to hear this motion last week. I still think we should have done that.

I want to preface my remarks by saying I believe Mr. Lewis served our assembly long and well. I have a great deal of respect and affection for the man. That is not the issue that is before us at this time. As far as I am concerned, the issue is whether Mr. Lewis is receiving, by way of his severance and retirement benefits, those things that would be available to any other public servant of like rank and tenure. It is very apparent that this is not the case.

It is my understanding that, as Clerk of the Legislature, one serves with a rank equivalent to that of a deputy minister. Most of us would agree, and anyone I know in the public service would agree, the retirement benefits and severance available to deputy ministers are generous and adequate by nearly any standard you will find in Ontario. I may be subject to correction, but I understand that if Mr. Lewis were to leave with those benefits alone, he would qualify for a pension of close to \$40,000 a year and a severance payment in the order of \$136,000. Not bad.

In view of Mr. Lewis's extremely lengthy service to the people of the province and in a spirit of fairness, I might have been willing to consider something in addition to that, something a little more generous. It is not every day we find a man who serves the government of Ontario and the people in the Legislature in a senior capacity for more than 40 years. I am not saying we should be rigid or unreasonable, but I think the settlement that was agreed to by the government, over the opposition of the two opposition parties and of the Board of Internal Economy, is excessive by any standard of which I am aware.

On the question of the so-called lifetime appointment, it would be well for us to remember that Mr. Lewis's appointment was at pleasure. He was to serve at the pleasure of the House. That was agreed to in 1974 by all three parties. I read back through Hansard last week. At that time, members spoke glowingly in the debate of the length and quality of Mr. Lewis's service. There was a very good speech in support of the motion by a prominent Liberal member at the time, Jim Breithaupt. It is not uncommon for table officers in Parliament or Legislatures to serve at pleasure. For the government to say serving at pleasure translates into a multimillion-dollar severance and retirement package is a quantum leap, and it is not one I accept.

I believe the government should and will be called to account before this committee for what I consider its sloppy and ineffectual handling of this matter. What particularly irks me is that Mr. Lewis announced his retirement at the behest of the government, if not with the agreement and encouragement of the government. As I understand it, this announcement was made before anyone sat down with him to negotiate the appropriate retirement and severance benefits. I suggest that is bad business practice. It is absolutely unheard of

in the private sector that you would have the retirement party, give somebody the gold watch and then sit down with him and say, "Okay, now what are we going to give you by way of a pension and a severance?" I cannot believe the government would proceed in this manner.

It should have been well understood by Mr. Lewis and by the government, on behalf of the taxpayers, what this gentleman was going to be receiving before the retirement was proceeded with.

Mr. Philip: It should have been in writing.

Mr. Gillies: It should have been in writing, as my friend says. Clearly, it was dealt with by the government in a hasty and inappropriate manner, causing a great deal of embarrassment to the government, to the members of the assembly and, I suggest, to Mr. Lewis himself. This could have been avoided if proper and adequate management practices had been adhered to by the government.

These things all have to come out in a public forum. The standing committee on public accounts is clearly the appropriate place for it to happen, and for that reason our party will be voting in favour of the motion.

Mr. Epp: Some members have referred to this point, but I think it has to be reiterated. In participating in this discussion, we have to keep our minds first and foremost on the fact that the then government, the Conservative government, initiated a lifetime appointment with Mr. Lewis in 1975.

Mr. Davis: Come on. That did not work yesterday, and it will not work today.

Mr. Epp: Pardon me. I listened while your colleague were speaking; I hope you will extend the same courtesy to others.

The lifetime appointment that went to Mr. Lewis is the basis of the problems we are now confronted with. Mr. Lewis gained in that statute the position of deputy minister and was promised--I guess, he felt that with that status he should get a pension, which came to him in the form of \$60,000, not \$40,000 as has been indicated by the member for Brantford (Mr. Gillies); deputy ministers get \$60,000 when they retire, as I understand it. Mr. Lewis therefore was in a position to bargain from strength.

It was indicated to us that he announced his position before a package was developed with him; it is not incumbent on the government to force someone not to resign because it has not negotiated a package with him. Anyone in the civil service can resign when he wants to resign; it is not up to the government to say, "You cannot resign, because you have not negotiated a package with us."

That is what the member for Brantford was indicating. He indicated that Mr. Lewis indicated he was resigning but no package was negotiated with him. It is not up to anyone to tell someone else when he can resign or when he cannot resign.

Mr. Wildman: Then why negotiate--

Mr. Epp: That is what you are saying, but that is not what Mr. Lewis said.

Mr. Wildman: That is common knowledge.

Mr. Epp: It is also quite common knowledge, as Mr. Gillies would say, that there was all-party agreement that the Clerk's office required renewal. That is something everybody participated in, all members and all parties--all parties participated in it, perhaps not all members--when they participated in the selection of a new Clerk. Therefore, that was part of the renewal in the Clerk's office, which everybody was in favour of. In fact, the agreement to hire a new Clerk was unanimous in the standing committee on the Legislative Assembly.

Therefore, when we want to dissociate ourselves from what has gone on in the past--renewal in the Clerk's office--we do that with some danger of ensuring that our credibility is somewhat harmed, because of the fact that everybody participated in that. Certainly, the three parties participated in the selection of the new Clerk without any indication that they were opposed to hiring a new Clerk.

Mr. Gillies: After he announced his retirement, I think we unanimously agreed we needed a new one.

Mr. Epp: We are not happy with the fact that the government had its back against the wall in trying to negotiate a package with the Clerk. We know that was forced on us by what happened back in 1974. To some extent, I see it as an outrageous settlement. On the other hand, the government did not have any choice because of the position that was bestowed on him by the Legislature in 1975.

I want to indicate that we will be supporting the motion. We are not at all excited about the words that are in it. For instance, "the exorbitant severance" are the words that are employed in the motion itself. However, we believe in an open government, and we will therefore support the motion even if we do not necessarily support some of the terminology employed in it.

10:50

Mr. Wildman: I welcome the comments of Mr. Epp that the motion will be accepted by members of the government party as well as by the members of the two opposition parties. However, I have some problems with his argument.

First, it is my understanding that in 1974, the now Clerk Emeritus was appointed at pleasure by the assembly, not by any particular political party. I know there was a majority government at the time--

-- Mr. Epp: It was initiated by the government.

Mr. Wildman: --but he was appointed at pleasure. Whether that means it is a lifetime appointment is a question that I believe this committee should be looking at and what that exactly means.

I also want to make it very clear that from my point of view, this inquiry by this committee should not be in any way approached as an inquiry into Mr. Lewis's conduct as Clerk. I believe all of us here have the greatest of respect for Mr. Lewis and his long term of distinguished service to the province and to the assembly. I regret very much that the mishandling of this

affair has put us, as members of the assembly, in a very embarrassing situation, and it has put Mr. Lewis in an embarrassing situation.

In the media, Mr. Lewis was quoted as saying he found the whole affair disgusting. I think he said the media's handling of the affair was disgusting. I do not think it is the media's handling of it that is the problem; I believe it is disgusting, but it is the government's handling of it that is disgusting. It is not a question of his competence or whatever. The fact is, the government mishandled the retirement package. It made the whole affair very messy. It seems to me the government got itself into a game of chicken with Mr. Lewis, which it never should have gotten into, and when the game got a little hot, the government blinked.

This committee must look very carefully at Mr. Sorbara's statement about the \$10-million settlement that might accrue if the matter went to court. The fact that he was anticipating it might go to court is in itself an indication that the government was mishandling the whole affair. To have him come out with that kind of figure as a reason for this severance and pension benefits package, and stating that this was legally necessary, is something this committee will have to look at very carefully.

The argument has been made by Mr. Epp that the government had no choice, that its back was to the wall. I do not understand why Mr. Epp thinks that or why the government thought that. That is something this committee has to look at.

Obviously, no one here argues with the fact that Mr. Lewis was entitled to the equivalent of a deputy minister's pension and severance package. Nobody argues with that. But to say he was entitled to the equivalent of a deputy minister's settlement means he was entitled to what he got is a tremendous leap. I do not understand how you can say he was entitled to something in the neighbourhood of a little more than \$100,000 for severance and maybe \$60,000 for pension and then argue he therefore should have this enormous settlement because he had some kind of special agreement with the assembly that he was there for life; that is ridiculous. It is something we have to look at.

The problem overall is that no one within the cabinet or the senior public service was given the overall responsibility to handle the discussions and negotiation with Mr. Lewis and come up with a neutrally acceptable, equitable package. No one had that responsibility. Various people had part of it. There was no proper communication among the people involved. There was no proper communication with Mr. Lewis. As a result, he was able to say, "They have not offered me what I think is acceptable, and I am not going to leave." The government said: "This is a terrible and embarrassing situation. We had better give him whatever is necessary so he will leave and we will have this matter over with."

That is not acceptable. It is an indication of a serious lack of communication within the senior levels of the Management Board of Cabinet and the cabinet. Rather than a settlement in the neighbourhood of a couple of hundred thousand dollars, which some people would consider excessive in itself, we now have this enormously excessive settlement which is not justifiable by any kind of argument. That is why the matter has come before the committee.

I am glad the members of the committee are supporting the motion. I regret we have got to this point, and I wish the government could have handled

it better. I hope by this process we will ensure that this kind of messy situation never occurs again.

Mr. Mancini: A couple of small notes. First, on a light-hearted note, I wanted to ask Mr. Philip if he is the member for Etobicoke or the member for Etobicoke-Rexdale. Is he here?

The Acting Chairman (Mr. Barlow): He stepped out for a moment.

Mr. Mancini: I thought he was the member for Etobicoke and not the member for Etobicoke-Rexdale. I thought the redistribution did not take place until after the next election, when he was elected by the people of Etobicoke-Rexdale.

Mr. Wildman: Redistribution is a state of mind.

Mr. Mancini: As I said, I thought I would bring that up on a light-hearted note.

The other point is in regard to some of the things said here this morning. While we have agreed to go forward with the investigation into the matter of Roderick Lewis, there have been some inconsistencies put forward by the opposition.

Earlier this morning, I believe, Mr. Philip mentioned that once negotiations had gotten to a rough stage with Mr. Lewis and once he had refused to move from his office, the government should have fired him; he should have been fired and thrown out of his office. Then we hear from Mr. Wildman that Mr. Lewis was a great guy. He had done a wonderful job and it was unfortunate this situation had come up. It is difficult to try to decipher what the opposition is saying.

There is another matter involving the issue of Mr. Lewis. I sat on the standing committee of the Legislative Assembly, the committee that chose a new Clerk. The committee is controlled by the opposition. We spent several weeks working on the committee, formulating a system to hire a new Clerk and discussing many things, including the previous Clerk.

When we were going through that whole procedure, not one member of the opposition said we were making a mistake by replacing Mr. Lewis. Now we have members of the opposition coming before this committee saying: "Why have you let Mr. Lewis go? What cause did you have?" If they were so concerned about the matter, why did they not raise it at the Legislative Assembly committee when we were all there in open meetings, before the press, ready to discuss the matter of replacing Mr. Lewis?

11:00

My friend Mr. Gillies has said: "It is all the government's fault. I am sorry this had to happen to Mr. Lewis." I say to Mr. Gillies, Mr. Lewis asked for the settlement. Mr. Lewis is not entirely blameless in this whole affair. He must have gone in there and said: "Look, I am not moving, and I have legal advice, which I am prepared to use in the courts. I am not moving from my office until I get my demands met." Let us not try to pretend there was only one party in this whole unfortunate situation.

I have heard other people this morning say we should have been generous to Mr. Lewis but not quite so generous. I would like to know from members of

the opposition just what "generous" means. If our package was overly generous, and the opposition members are saying we should have been generous to Mr. Lewis, I would like to know their bottom line.

Mr. Wildman: Oh, come on.

Mr. Mancini: Absolutely. I would like to know their bottom line. I would like to have them take the package piece by piece and state publicly which parts of the package they would not have agreed to and then factor in legal and court costs and everything else that would have been implied in having Mr. Lewis removed in a rather ugly fashion. These things are going to have to come out as we go along, and the opposition is not going to be able to have it both ways.

Mr. Davis: I am pleased to see the members of the government party are going to support this motion. I would have been disappointed if they had not. One of the questions we will have to look at is, does the new Clerk have a contract for life? It seems to me the terms of hiring may be different, but I am not aware of those.

Mr. Wildman: He does not.

Mr. Davis: Thank you; I appreciate that. This issue shows the government's mishandling, incompetency and sloppiness in dealing with issues. If we accept Mr. Epp's proposition that the gentleman resigned, then it seems to me the government was in the driver's seat. Mr. Lewis had already left. Unfortunately, I disagree with Mr. Epp. Since Mr. Lewis has left, I would like to quote Mr. Epp those famous words spoken a number of years ago, "Sir, you did have a choice." Mr. Epp and the government could have said no.

Mr. Gillies: Are you suggesting Mr. Epp was doing a John Turner imitation?

Mr. Davis: He might have been.

Mr. Gillies: Not a bad one, actually.

Mr. Davis: They could have simply said: "The terms are too rich for settlement. This is what we are prepared to offer you. It is equal to what other retirement employees of the crown get. If there is more you want, it will have to involve legal action." I believe the Clerk probably would have accepted or taken the further step.

One can be machiavellian and look at the words of the Honourable Sean Conway, Minister of Education, who said, "If we get in power, we are going to get rid of him." Perhaps there is some vindictiveness in this relationship, but it seems to me the government has shown again its inability to be effective and efficient in dealing with and resolving some complicated issues.

I am glad there will be an opportunity for us to review the situation. We certainly do not want to embarrass the former Clerk, but it is imperative that the people who have been asked to come forward explain to this committee, as well as the public of Ontario, the rationale behind such a rich settlement. I believe the government did have an option and could have said no.

Mr. Philip: I am sorry; I had to go out for a brief interview. I would like to deal with some of Mr. Epp's statements.

With regard to the statement that somehow Mr. Lewis was appointed for life, I do not know where he gets that. Subsection 74(2) of the Legislative Assembly Act states, "The Clerk of the Legislative Assembly shall hold office during good behaviour but shall be removable from office for cause by the Lieutenant Governor on address of the assembly."

That does not say the man is appointed for life. On the contrary, it suggests there are ways in which that person may be removed from that office. If the Legislative Assembly had wanted a lifetime appointment, surely one can conclude that its members--people such as Mr. Breithaupt from the Liberal Party, who voted for this section--would have come up with the appropriate wording to indicate it was a lifelong appointment. They did not do that. Instead, they suggest he can be removed with cause.

What greater cause can you have than the fact that the man resigned publicly, that a committee of the Legislature appointed a new Clerk and that this man was occupying that person's office and interfering with the processes of parliament and of the new Clerk executing his position? How can one have a better cause? That clearly is what is said in subsection 74(2).

To suggest it was the intention of the Legislature that Mr. Lewis have a lifelong appointment is absolute nonsense. What we have here is a government that has badly mismanaged an affair and then looked for an excuse and interpretation to justify the fact that it did not make arrangements for the smooth retirement of the Clerk, and in mishandling it had to come up with some excuses and invented this idea that somehow Mr. Lewis was appointed for life. It does not hold.

The government is responsible. This is an inquiry not into Mr. Lewis but into the government and into the actions of people such as Mr. Sorbara and the Premier (Mr. Peterson), the Premier's office and those people associated with it.

I regret this, because Mr. Lewis was always a person whose door was open to any member of the Legislature, who offered advice when it was sought and who was a man of patience. It is too bad this cloud is hanging over him, but the cloud was put there in large part by the government.

That is what we will be dealing with, and I suggest the order of witnesses might be dealt with by the subcommittee, if that is the wish of the committee. I have listed a number of witnesses who I think should appear. We can perhaps deal with that in the steering committee.

Mr. D. W. Smith: I sat here and listened to these comments, and I enjoyed them to a degree. I am one who also believes we should have open government and look into every aspect and every decision, but when I listen to my colleagues from the NDP saying this is not going to be an inquiry of Mr. Lewis, I can hardly sit here and believe that can possibly happen.

When you are talking of an individual being part of a discussion or an issue, I cannot see that he is not going to be questioned from time to time, and I cannot see how they are not going to hurt him to some degree. It almost sounds as though they are talking out of two sides of their mouths, shall we say.

I am looking forward to the inquiry and discussions ahead.

Mr. Philip: I want to indicate that in no way was I stating that Mr. Lewis would not be a witness.

Mr. Chairman: In fact, he is part of the motion.

Motion agreed to.

11:10

Mr. Chairman: I gather we are all in agreement with the steering committee setting up the schedule of witnesses. Does any member see any need for any additional witnesses other than those Mr. Philip has suggested?

Mr. Philip: I think the government will want certain witnesses. We should leave it open. I do not want to cut off any witnesses the government may have to justify that unusual legal opinion of Mr. Sorbara.

Mr. Chairman: We will leave that up to the steering committee.

IDEA CORP.

Mr. Chairman: The second item of business is the discussion of the IDEA Corp. and Mr. Gillies's motion.

Mr. Gillies: As I understand it, what we are going to try to do this morning is to set some parameters for the inquiry and perhaps the mechanics of undertaking the inquiry into the failed investment of Graham Software. Unless any members of the committee are unfamiliar with the issue, I do not propose to repeat all the arguments we made last week as to why this is necessary.

I would like to make a suggestion, inasmuch as we are going to be looking at several things: the operation of this corporation; whether it received the investment from IDEA in an appropriate fashion; whether it met the criteria that we, as a committee, understand the IDEA Corp. to have had for its investments; what the relationship was between the company and the IDEA Corp. and what the relationship was between the company and the government and people close to the government.

Then there are the purely financial issues: how the company used the \$5-million investment and at what point its position became untenable; at what point the government became aware of the company's serious financial situation; and what, if anything, the government, through the Ontario Development Corp. presumably, tried to do about it. Yet another issue is whether there is any possibility that any of this \$5 million can be recovered for the taxpayers.

There are a number of issues there. I want to suggest that the committee was very well served through the Caplan inquiry by the presence and the work of counsel. While I do not anticipate the inquiry we are undertaking with Graham Software as needing to be nearly as lengthy or involved as the inquiry into Wyda and the Caplan affair, I do none the less feel we would benefit from having counsel, in terms of organizing the evidence and making sure that witnesses know exactly where we are going and the kind of very valuable work that was done for us through the summer by John Bell.

I further suggest that we could probably not find counsel anywhere in the province who is now more familiar with the operations and the parameters of the IDEA Corp. than Mr. Bell. My suggestion is twofold: First, that we

retain counsel for this inquiry, even if it is only for a couple of days, a week or two weeks. I still think it will be necessary; second, if we can possibly get him, we should ask Mr. Bell to undertake this inquiry with us.

Mr. Chairman: Mr. Gillies, just before we get into the mechanics of the question of retaining counsel, we have before us the motion about whether the committee agrees that a full investigation should be undertaken. That is the intent of your motion. Did we deal with that?

Interjection: It was carried last time.

Mr. Gillies: We voted on that.

Mr. Chairman: My faulty memory. All we really are talking about then is the mechanics: how we are going to establish a schedule of witnesses, the witnesses we want to call before us and whether we want to retain counsel. Does any other member have comments at this point?

Mr. Gillies: I have spoken to the counsel issue. I will suggest some witnesses we may want to have appear. Obviously, the IDEA officials who were in charge of the portfolio, and specifically those in charge of the Graham Software investment during the life of the IDEA Corp., should be called. We will also want to have back the officials responsible for the portfolio since it went into the hands of the ODC.

I will ask the committee to reserve the right to call the Deputy Minister of Industry, Trade and Technology and, if necessary, the minister himself. Having said that, I appreciate that we do not, as a matter of course, like to have a parade of politicians through the committee.

Mr. Wildman: If I may interrupt, it would be unusual to call the minister in this matter.

Mr. Gillies: I appreciate that, and if we get the kind of information we want from officials, I do not anticipate it will be necessary.

We will want to have Terry Graham, the owner and president of Graham Software, and any officials with the company who were involved with the negotiation or administration of the public investment in the company. I suggest that, on the basis of the evidence, we may wish to call Abe Schwartz for several reasons: first, inasmuch as he was a former business partner of Mr. Graham; second, because of his role as a member of the transition team and adviser on computer matters to the Premier (Mr. Peterson).

Mr. Chairman: You are suggesting that is a possibility.

Mr. Gillies: I am not suggesting we call Mr. Schwartz in the first instance, but I think we will want to see what role, if any, he played in the negotiation of the contract. If his name crops up to any great extent, then we will want to reserve the right to have him. The officials of the company and all the officials from the government who were involved in the negotiations will make up the bulk of our witnesses.

Mr. Epp: To clarify something, I do not think the fact that somebody has been a partner with somebody else is reason enough to call that person before the committee. If that were the case, we would have to call every partner of everybody we call before the committee, because they happened to be partners. The first reason Mr. Gillies gave for calling Mr. Schwartz was that

he happened to be a partner. I want to clarify that we will not support it on that basis.

Mr. Gillies: I will repeat what I already said; that is, if it became clear from the evidence that Mr. Schwartz's appearance was required, then I am sure Mr. Epp would reverse his decision and support it.

Mr. Epp: I am not opposed to it. I just said I would not support it on that basis.

Mr. Chairman: Is there any further comment on the schedule of witnesses Mr. Gillies has proposed? We can toss that over to the steering committee, to work out the scheduling.

The second suggestion Mr. Gillies has made is in respect to retaining counsel for this investigation, even to the point of simply having Mr. Bell on board for a few days to get us off the mark properly. What is the view of other members of the committee on that proposal?

Mr. Epp: I do not have, and I do not think my colleagues have, any opposition to hiring Mr. Bell. He did a very competent job for us in the inquiry. My only reluctance in endorsing this wholeheartedly is I am not sure that Mr. Bell is available, which may prolong the inquiry for some time.

If he is not available for some time, I would like to have some latitude in hiring someone else of like capability. It is a good suggestion, but I do not want to be married to that proposal. I want to have some latitude in case Mr. Bell is not available to expedite this. I do not think any member of the committee wants to prolong this unduly.

11:20

Mr. Wildman: I am not opposed to the hiring of counsel and I am certainly not opposed to hiring Mr. Bell, but I am wondering why you think it is necessary to have counsel. In the Wyda situation we were looking into the whole issue of legal issues related to conflict of interest because of the Caplan involvement. The reasons we hired counsel were that we wanted to have, one, an expert or someone who understood the legal ramifications of all the issues and, two, someone who had some expertise in litigation and cross-examination because we wanted to be very careful with the witnesses we were bringing before the committee.

In this case it seems we are mainly interested in the why and the how of the investment and what was done with it afterwards, and whether it fit with the mandate of the IDEA Corp., and if it did not fit, if there was any kind of influence exerted, to be quite frank. That is what we are looking for here. I wonder whether we think it is necessary to have legal counsel to do that or whether the committee might be able to do that without the benefit of counsel.

Mr. Gillies: I appreciate Mr. Wildman's comments. There are several reasons why I would like to have counsel for the committee, if only for a couple of days. One of the primary reasons, when we think back to the Caplan inquiry, is the work Mr. Bell was able to do, not only during the hours we were in the committee but also before and after.

We are dealing with a very delicate matter. Primarily we are dealing with five million public bucks. If we are going to investigate the question of influence, the whole question of whether this investment was influenced by the

proximity of people involved with the company and the Liberal Party, I do not think we should undertake that lightly. Mr. Bell offered a very steady, nonpartisan hand to that type of issue, and I think we all want that. He was also awfully good in terms of the chronology, putting together what happened when, who met with whom and what resulted from it. For that reason I would feel more comfortable.

There is another reason. There is something bothering me about this whole thing which I would rather not discuss in open session.

Mr. Mancini: I am not enthusiastic about having counsel. I do not think the standing committee on public accounts needs someone to hold the hands of the members in order to get at certain facts that members deem to be appropriate. It is my understanding, from serving on other committees, that when we have asked for documents, they were always presented. We have always had staff from the legislative library to help us compile things in chronological order. It is the responsibility of the members on this committee to inform themselves of what is in the documents and keep in their own minds some chronology of the events.

I am not sure that it is necessary to spend a fair amount of public funds to have a solicitor here. I was looking at part of the expenditure for counsel over the Caplan inquiry. The page I looked at showed almost \$100,000, which is a fair amount of money. It is very premature for this committee to have a mindset as far as counsel goes. In the spirit of co-operation, however, I will leave it up to the steering committee. I hope they will take into consideration the fact that we do have staff in the legislative library, already on the payroll, already being paid through tax dollars. We have lawyers working in the legislative library who could offer legal advice whenever we seek it from them on a nonpartisan basis, since these people work for the assembly. We have our Provincial Auditor, who is here at all times and could help us with any questions we have regarding accounting procedures.

I believe that the members, through the leadership of the chairman, should be able to formulate a way to get at information and have it put together in such a way that we, and therefore the general public, understand it.

There is another thing that bothers me somewhat. This may be on a more personal note. A lot of lawyers out there are looking for work. Why are we always anxious to give work to one person? I remember my days on the former standing committee on procedural affairs and government agencies, which has now been split into two. There is now a standing committee on government agencies by itself. As a committee, I and other members seemed always to chastise these agencies for using one person in particular, almost as though that firm had a monopoly.

I have not had the opportunity to work under Mr. Bell, but I have heard from other members that he is quite capable and I have to take their word for it. However, that is no reason to always stick with one person. The general public is out there and the general legal community that might wish to have the opportunity to serve the Legislature in whatever capacity we ask of it. That is a whole separate question.

The firm point I want to make this morning to the committee is that I do not think we are at the stage where we can reasonably decide that we need a counsel to come in and take over the whole situation.

Mr. Philip: The issue of counsel arises out of a matter that I gather was not mentioned. I had to go out for another radio interview. The subcommittee concluded and is recommending to the committee that the matter of the inquiry into the alleged conflict of interest of Elinor Caplan is now terminated. In other words, we have put to rest the Elinor Caplan inquiry, I hope for ever. Had we not done that, we would not have to decide whether legal counsel is necessary. If this were an extension of the original inquiry, we would already have had legal counsel.

We are faced with a new matter before the committee and whether legal counsel is required in this new matter proposed by Mr. Gillies. I do not think it is in this case. What is required is for the Provincial Auditor and his staff to be present. It is an auditing not a legal problem. If at any point further down the line we need to seek legal advice, surely at that time we can hire that legal advice. It would be premature to go out and spend money to hire a new counsel for what amounts to a new matter simply because we quite rightly had counsel and needed counsel for the previous inquiry. I do not see that it is needed for this one.

Unless Mr. Gillies can persuade me that there is a particular legal aspect I am not aware of and could not get assistance with from either the lawyers who are on the research staff of the library or from some other source, or by calling on a lawyer as a witness and paying him a witness fee, I am not prepared to spend that kind of money.

11:30

Mr. Wildman: I agree with my colleague the member for Essex South (Mr. Mancini). This matter should be discussed by the subcommittee, which can present to the whole committee a recommendation on whether it should be seeking to hire legal counsel. I agree with his comments that this may be somewhat premature. Mr. Gillies has indicated there may be some aspects of this matter he does not wish to discuss in open session because of the delicacy of the matter. That can be raised in the subcommittee and the subcommittee can make a recommendation to the committee.

Mr. Gillies: My personal feeling is we would benefit from counsel, but in the spirit of co-operation, if the committee would like to proceed with the inquiry at this point without, and it later proves we should have it, I would agree to that.

Mr. Philip: That is reasonable.

Mr. Chairman: All right. Let us do it on that basis. I do not think there is any problem with that. We will throw that, as well as the lining up of witnesses, into the court of the steering committee.

The final item on our agenda, which Mr. Mancini was making reference to, is the account from Mr. Bell.

ALLEGED CONFLICT OF INTEREST
(continued)

Mr. Epp: Before we go on to that item, Mr. Philip indicated he was prepared to make a move with respect to separating the further inquiries regarding the IDEA Corp. from the Elinor Caplan affair. Is he prepared to put a motion to that effect?

Mr. Philip: I will be happy to do so. The reason I argued for that in the subcommittee is it is not fair to Elinor Caplan for this inquiry to possibly drag on for ever or that she may be recalled, or whatever.

I therefore move that Ms. Caplan be informed that the committee has concluded its deliberations into the matter of the alleged inquiry--

Interjection: Alleged inquiry?

Mr. Philip: Yes, it was certainly a real inquiry for those of us who worked from nine o'clock in the morning until after midnight going over those documents.

Mr. Chairman: Mr. Philip moves that Ms. Caplan be informed that the committee has concluded its deliberations into the matter of the alleged conflict of interest of Elinor Caplan and that the inquiry is now finished with the tabling of those two reports.

The clerk of the committee advises me the appropriate route is that the committee report to the House that it has concluded its proceedings.

Mr. Philip: That is fine.

Mr. Gillies: Whatever route is taken, whether it is by motion or by report, I want to indicate our support for the proposition. As far as we are concerned, the Caplan affair is over and the inquiry into the Graham Software matter is a complete, separate and distinct inquiry.

Mr. Chairman: The clerk will finalize the details of the wording, in any event. I gather we are all in favour of the motion. There are none opposed.

Motion agreed to.

ORGANIZATION

Mr. Chairman: The third item is Mr. Bell's account. You all have it in front of you. Are there any questions or comments?

Mr. Epp: I have a question. I notice that we have just an account there, a bill for \$99,615.67. I presume a detailed statement has been submitted with respect to this account and is in the hands of the Provincial Auditor, in the clerk's office or wherever. This in itself would not be sufficient to pay any bill and probably the auditor would support that statement. He would not pay any bill on the basis of an account alone; he would want an itemized statement.

Mr. Chairman: We have three detailed statements. The clerk has them. I do not know whether the auditor would have seen them at this stage; I do not think so.

Mr. Epp: I would not be opposed to the auditor having a copy of that, since he was very much a part of the whole inquiry and gave us whatever support we requested. Before I finish, let me say I am not in any way suggesting there is something wrong with it, but the standing committee on public accounts has to make clear it is not paying anything on the basis of just a figure that is there.

Mr. Chairman: Right.

Mr. Philip: If you examine those bills, one of the things that become apparent is that it is not services of counsel but services of a law firm. Therefore, it is not paying one John Bell this amount of money. As you well know, it was the law firm. Indeed people in his law firm working and answering to him did a considerable amount of work and that is broken down.

It would be quite fair for all members of the committee to see the detailed invoices. I have no problems with them. Or the matter could be sent to the subcommittee for a review, if you would like.

Mr. Chairman: What is the wish of the committee? There is no problem with circulating it to all the members.

Mr. Wildman: I would like to have a copy itemizing it.

Mr. Mancini: I am glad we decided to allow the members to have the itemized bill; that was of interest to me.

The \$100,000 account here from Mr. Bell, is that the entire bill or were other invoices submitted by Mr. Bell prior to this? Can we expect further invoices?

Mr. Chairman: I am advised there has been some buffer built into that to cover any of those contingencies that might arise. We do not expect, at this stage, any additional bills from Mr. Bell, unless we call upon him for some other matter. My understanding is that this is probably the final bill that we are going to see.

Mr. Mancini: Were there other bills submitted prior to this one?

Mr. Chairman: Not that I am aware of. This is the total picture for Mr. Bell.

Clerk of the Committee: There have been three invoices received. This is the only submission of a detailed estimate to this committee that there has been. The committee did approve the retainer fee of \$150 per hour. That was submitted by the committee to the Board of Internal Economy--

Mr. Mancini: I do not think you understand my question.

Mr. Epp: This committee has not approved any of them.

Mr. Mancini: Is the \$100,000 that is to be paid to Mr. Bell the entire amount of money that will be paid to Mr. Bell and/or his firm, or have we paid other bills prior to this, which would increase the \$100,000 figure?

Mr. Philip: No. You cannot pay a bill without having it approved.

Clerk of the Committee: This should cover the entire amount.

Mr. Wildman: Considering the many remarks I made during the inquiry about lawyers, I think I should move that we accept and pay this bill.

Mr. Mancini: I do not want to disagree with my colleague, but first we have asked for a detailed account so that we can see what has happened. I presume we want to see the detailed account so that we can justify to ourselves that everything is all right.

Mr. Wildman: Okay, fine.

Mr. Mancini: Now we are making a motion to pay it before we see it.

Mr. Wildman: That is all right. Sure.

Mr. Chairman: We have conflicting views here. Mr. Epp indicated that he was not really questioning the validity of this bill. He simply felt that we should be covering the bases because this is the standing committee on public accounts so that information would be made available.

I have seen all of the statements that have been submitted and I do not think there is anything there that is going to result in any concerns being expressed by this committee. I certainly have no reservations about the committee having access to them, but I do not know if anything is served by delaying it any further. I will leave it in the hands of the committee.

I would point out that I have an article in front of me that is a comparison to the Sinclair Stevens inquiries, that cost the taxpayers over \$2.3 million. My own view, and I think the view of members who served during the summer with Mr. Bell, is that he certainly did an outstanding job for this committee and for the members of the Legislature. I am prepared to wait another week. I do not think that would be threatening the stability of his firm in any way. At the same time I do not see much point in it.

Mr. Philip: Is the thrust of your remarks that the members of this committee are underpaid?

Mr. Mancini: Please, Mr. Chairman, do not ask the Liberal members of this committee to justify what the Prime Minister of Canada has done, is doing or may hope to do. Whatever decision should come from Ottawa, he made it on his own, or without any influence from the Ontario Liberal members anyway.

Mr. Barlow: You did not do it when the Liberals were in power in Ottawa, so why would you do it now?

Mr. Chairman: I am trying to be nonpartisan, Mr. Mancini. One of the lawyers involved is a chap by the name of Scott. I will not say anything further.

11:40

Mr. Gillies: May I suggest we take Mr. Wildman's motion as notice that the details of the accounts should be circulated to all members of the committee for their consideration this week and that we will vote on it next week?

Mr. Chairman: Yes.

PREMIER'S TRAVEL EXPENDITURES

Mr. Chairman: There is one final item that is not on the agenda. I have had an inquiry via a staff person from Mr. Ashworth, in the Premier's office, requesting clarification in writing in respect to the committee's handling of the Premier's travel expenses.

As you recall, we discussed this several weeks ago. I do not recall it being minuted; I think we dealt with it in camera. Perhaps we should get it

out in the open, and we can advise Mr. Ashworth in writing.

It was my understanding the committee felt that in the future the travel expenses of the Premier should be reviewed by the steering committee, and if there were any questions arising out of that review, they would be brought forward to the full committee.

Mr. Philip: Since Mr. Gillies and I have made some comments on that, I think it is fair to reiterate the comments we made. Even though they were not broadcast, if you like, it may be helpful to some people who are not aware of the process.

Originally, someone from the Premier's office requested whether review of the Premier's travel expenses--the details, and that would include the schedule--could be done in camera. The argument was made that it had been done in the past with previous Premiers, that it was a tradition and that it was based on security problems, namely, that it is not in the interests of anyone in this province to have the Premier knocked off by some crazy person who knows where he is every Friday evening or whatever.

At that time, I expressed alarm that I did not know of any such agreement, and Mr. Gillies expressed similar sentiments. At the same time, we have discussed it among ourselves, looked at the problems of security the Premier's office may legitimately have and know the process, namely, that if there is anything inappropriate, the auditor would examine that, would then send a report to the Premier's office or whatever other agency and, if he is not satisfied with the answers, would report it publicly in his report or in a special report to the committee and to the Legislature.

There is in no way any covering up or hiding of any of the expenditures of the Premier's office. Furthermore, the in-camera examination by a member of each of the parties ensures that if there is anything inappropriate, it will be made public, because we have a member of each party there.

Furthermore, that kind of process in no way stops any member of the Legislature or of this committee saying, as a result of those in-camera discussions, "I think this particular document is of public interest," and presenting that publicly without endangering the security system for the Premier.

I want to emphasize that the Premier's approach to the committee is, to me, no attempt to do a coverup or to hide. It is a perfectly open public process that we are involved in. I want to make it clear that, as Mr. Gillies and I have said, while we have said we were not aware of any such agreement, we were in no way accusing either this or the previous Premier of trying to hide anything from the public or from the committee. I think that needs to be stated so that everybody knows what we are about and that the process is free, democratic, open and public.

Mr. Mancini: I am sorry. I do not have the background on this information that other members have. My understanding is the steering committee of the standing committee on public accounts reviews on an ongoing basis the travelling expenditures of the Premier's office. Is that what we are talking about?

Mr. Chairman: We have the right to review them.

Mr. Wildman: We have the right; that does not mean we will.

Mr. Chairman: How frequently that will occur is to be determined.

Mr. Mancini: This has been a tradition?

Mr. Chairman: Members of the committee were unaware of the tradition. The former chairman of this committee, Mr. Reid, entered into an agreement with the Premier's office whereby he was going to review those expenditures once a year. Apparently that review never took place, but the format was there. The agreement had been entered into with the Premier's office by the chairman, but the committee members who served during Mr. Reid's tenure were unaware of the agreement.

Mr. Mancini: Do we know what year that agreement was made?

Mr. Chairman: I think it was in 1984 or 1983.

Mr. Mancini: Being a new member of this committee, I would like to know a bit more about the background of the agreement--when it was made, how it was made and whether it was to be on a one-year basis. I am assuming there must have been an oversight in the past for it not to have been done.

Mr. Chairman: What purpose do you think that will serve?

Mr. Mancini: It will serve an information purpose for me, so that I will know what the original agreement was and what we are doing now, and I will be able to compare the two. We can expand, modify or express our views on both.

Mr. Chairman: We have been down this road. I recognize you are a new member of this committee, but we have discussed this at reasonable length in the past. I am certainly not opposed to providing you with that information.

Mr. Mancini: I do not suggest for a minute that we should waste the committee's time having one morning's debate on it, but if the information can be provided to the members, in particular to me, since I am asking for it, I will review the information on my own time without interfering with any of the committee's work. In that way I will not interrupt the regular flow of the committee and the numerous things on the agenda. I can see we are going to be very busy.

The other thing I am curious about is that this review is only for the Premier's travelling expenditures. Why would we do this for the Premier alone and not for the other two party leaders in the House?

Mr. Wildman: The other two are not as concerned about security as we are about the Premier's security. It is to protect the Premier; it is not to protect the other two leaders.

Mr. Chairman: I do not think anything would restrict this committee from taking a look at the travel expenditures of the other two leaders. The reason this has come forward is that this agreement is in place and there has been an inquiry from the current administration about whether it will continue as it has been in place in the past number of years with the previous administration, or whether this committee wished to modify it in some way, shape or form. That request came forward from the Premier's office. To my knowledge, there is nothing--the Provincial Auditor may want to comment--that would restrict us from taking a look at those travel expenditures as well if we felt it necessary.

Mr. Philip: No, nothing.

Mr. Gillies: Very briefly, my recollection of the events and decisions is precisely as Mr. Philip has indicated, so I will not rehash all that. Members of the committee should understand why this has come up again. We thought it was resolved and put to rest. Apparently a member or members of the press gallery think there is a story here. They are investigating a couple of trips taken by the Premier, the question of where the billing went and so on.

I am sure members know the tradition during Mr. Davis's years always was that he flew by aircraft chartered through his office. On the occasions where there were partisan functions, the billings would go to the Progressive Conservative Party. On those occasions where there were government functions, the billings went to the Premier's office. I have every confidence that Mr. Peterson is adhering to that practice during his term of office. However, I believe this is why it has come up again.

11:50

The question put to Mr. Philip and me was, basically: "We are after a story here. Are you guys in the public accounts committee going to be party to a coverup?" I indicated to the reporter involved the agreement that we had reached, the security concerns being the *prima facie* reason for that agreement. But as Mr. Philip has indicated, if anything that appeared to be inappropriate came to the attention of members of the committee--and I say to my friend Mr. Mancini, not just on the part of the Premier, but on the part of any official of the government or the Legislature who was travelling at public expense--we would certainly see it as our responsibility to bring it forward. The mechanism that has been suggested, of a report or supplementary report coming from the auditor, would be an appropriate way to do it.

Mr. Philip: We would send it to the auditor rather than dealing with it ourselves immediately.

Mr. Gillies: Exactly, so basically, we have told the press gallery people who are involved in the story: "No, we are not covering up. We do at this point accept the legitimacy of the security argument for a degree of confidentiality, but if anything inappropriate were to come to our attention, of course, we would live up to our responsibility as members of this committee to bring it forward."

Mr. Chairman: I should mention another matter that has brought this to a head. Apparently there is a question in Orders and Notices dealing with the Premier's travel, and the Premier's office felt somewhat restrained with respect to responding to that question because of the policy that was in place. They felt they might be in conflict with that policy if they answered that question.

Mr. Philip: Is it possible that the mover of that question might change it to have that information reported to the auditor?

Mr. Gillies: I can check. There are a couple of questions on Orders and Notices. I have put one in Orders and Notices regarding the travel of ministers in and out of Cochrane North during the by-election. I guess that implicitly that covers the Premier, but I believe you are referring to another question in Orders and Notices, referring specifically to the Premier's travel. I am not aware of the details of that question but I will undertake to

communicate to whoever of my colleagues put it in there that it may be desirable to change it.

Mr. Wildman: I hope we can close this off. I want to emphasize that the modus operandi we arrived at, after some discussion in this committee, was to protect the Premier and it was for the security of the Premier and his staff and to avoid any concern that might be raised that there was some kind of coverup. It is matter of how we deal with the legitimate matters of public concern, that is, how travel expenses are handled, and at the same time avoid having the Premier's schedule and the details of where he is on a regular basis become public knowledge. We are not talking about unusual trips, but where he is on a regular basis. In this way we could avoid a situation involving some of the unfortunate people in our society who might take action that we would all regret. That is the basis of it. It is not because we are trying to go after the Premier and protect the other two leaders. As a matter of fact, it is the opposite.

Mr. Chairman: We will prepare a letter for Mr. Ashworth and I will try to get the information for Mr. Mancini.

The committee adjourned at 11:55 a.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ORGANIZATION

RENTAL HOUSING LOAN

ANNUAL REPORT, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS, 1984-85

THURSDAY, OCTOBER 30, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Barlow, W. W. (Cambridge PC)
Callahan, R. V. (Brampton L)
Davis, W. C. (Scarborough Centre PC)
Epp, H. A. (Waterloo North L)
Mancini, R. (Essex South L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Ministry of Transportation and Communications:

Hobbs, D. G., Deputy Minister
Biddell, J. L., Consultant; with Clarkson Gordon

From the Urban Transportation Development Corp. Ltd.:

Foley, K., Past President and Chief Executive Officer

From Blake, Cassels and Graydon:

Langdon, E. S., Barrister and Solicitor

From the Cabinet Office:

Kruger, J., Special Adviser to the Premier on Crown Corporations

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, October 30, 1986

The committee met at 10:14 a.m. in room 151.

The Vice-Chairman: The committee will come to order. There are a couple of procedural matters to start. The chairman is unable to be with us this morning. As vice-chairman, I would normally be in the chair for this meeting, but I have so many questions I want to ask on the matter before us today, would the committee be agreeable if I stepped down from the chair in a few minutes and Mr. Davis were to take over? Is that agreeable? Agreed. Thank you.

I would like to introduce to the committee our visitor this morning, Craig James, the clerk of the public accounts committee from Saskatchewan. Craig, we are delighted that you could be with us to see how our committee functions. As I said to Mr. James privately, we were very sorry that our committee was not able to attend the national conference of public accounts committees in Regina in the summer, but we were smack in the middle of an inquiry and did not feel we could leave it. We welcome you and hope your visit here is enjoyable and productive.

Are there any notices of motion that should be put before the committee?

Mr. Mancini: I have one question before we get started. It is not really on this topic, but you will recall that at our previous meeting I had some inquiries about our counsel's bill. I had asked to see the more extensive--

The Vice-Chairman: Did you not receive that?

Mr. Mancini: As far as I know, I have not.

The Vice-Chairman: I received the breakdown, I think, three days ago. Did other members of the committee receive it?

Mr. Mancini: I will doublecheck in my office.

The Vice-Chairman: If you do not have it, we will be sure to provide you with another copy.

Mr. Philip: I received mine.

The Vice-Chairman: Yes, we got it.

Mr. Mancini: Can I see it right away?

The Vice-Chairman: We will be dealing with that before adjournment at 12:30 p.m., so if you would like apprise yourself of it, we should get your copy right away.

I have a notice of motion. With the agreement of the committee, I will leave the chair and ask Mr. Davis to take over.

RENTAL HOUSING LOAN

The Acting Chairman (Mr. Davis): Mr. Gillies, you have a notice of motion?

Mr. Gillies: If the clerk can distribute it, I would like to give notice of a motion for us to debate at the next meeting of the committee.

The Acting Chairman: Mr. Gillies moves that an inquiry be undertaken to review the award of the \$3.5-million interest-free loan through the convert-to-rent program for the Huang and Danczkay development at 350 Queen's Quay West, also known as Maple Leaf Quay.

Mr. Gillies: By way of a brief explanation of the notice, as is our custom in the committee, we have expressed concerns in the House about the award of this interest-free loan. I will review a couple of facts for the committee.

Our understanding of the convert-to-rent program over the years has been that its intent was to convert existing building stock into affordable rental accommodation. Several members of the House have expressed concern about some of the features of this \$3.5-million loan. The site in question can certainly be considered to be vacant land. It was previously occupied by several grain silos, which were demolished in 1983 and which, even when they stood on the site, occupied only seven per cent of the land involved. In fact, a great portion of the land about which we are talking was occupied by railroad tracks and a road.

I further understand that Harbourfront, and not the developer, was responsible for levelling the site. What the developer received from Harbourfront was, by my definition, a piece of vacant land. The \$3.5-million loan in this case was the largest loan made under the convert-to-rent program. We question the affordability of the housing being constructed, as we understand the rents in the buildings will range from \$700 to \$1,100 per month.

We expressed concern that even as we sat here the buildings were being erected without a building permit. Concern has also been expressed in this regard by the building commissioner for Metropolitan Toronto, who has been quoted publicly as saying he has never seen a project of this scale proceed this far without benefit of a building permit.

10:20

I have asked in the House whether the Minister of Housing (Mr. Curling) will be living up to his responsibility for section 20 of the Building Code Act to undertake an investigation of this matter if the building is proceeding without benefit of a building permit. As yet, the minister has failed to respond to this request. I might add this request was originally made by Toronto Alderman Dale Martin in September. The minister has not yet responded to the alderman's request for an inquiry under section 20 of the Building Code Act.

The other feature I believe the committee should inquire into is to the nature of the interventions in this matter undertaken by the lobbyist for the project, Ivan Fleischmann. I believe Mr. Fleischmann's relationship with the government and the Liberal Party is well known.

Mr. Wildman: On the radio this morning, Mr. Fleischmann asked you to make an apology.

Mr. Gillies: Mr. Fleischmann may well ask.

Mr. Philip: He said he is not suing you. I am sure you are relieved at that.

Mr. Gillies: I cannot say it preyed on my mind that much, but Mr. Fleischmann has any remedy available to him that any other person has.

Mr. Philip: I am sure Mr. Sorbara would have given you free legal advice.

Mr. Gillies: We are concerned that an inquiry should be undertaken to make sure that any interventions by Mr. Fleischmann with officials of the government were appropriate and were not unduly influenced politically.

That completes my comments this morning. I look forward to our considering this motion at the appropriate time.

URBAN TRANSPORTATION DEVELOPMENT CORP.

The Acting Chairman: This morning we will be dealing with the issue before us. From the Ministry of Transportation and Communications, we have David Hobbs, the deputy minister. Mr. Hobbs, would you like to make any opening remarks?

Mr. Hobbs: No, we are here to field whatever questions there may be. I would like to introduce the people we have here who will be attempting to answer the questions.

Beside me is Jack Biddell, the former chairman of Clarkson Gordon. He has been assisting us in the negotiations over the past few months. Ted Langdon is with the legal firm of Blake, Cassels. He also has been assisting us. Kirk Foley is sitting farther back, along with John Kruger. Both of them have appeared before you on this. Also here is Ken McLennan. He is the new president of UTDC Inc. He will be responsible for the wind-down in terms of dealing with the claims over the next two years.

Mr. Philip: Can Kirk Foley also come forward and answer some questions from the committee?

Mr. Hobbs: Can we get him another chair? This one does not work.

Mr. Philip: Sure. I would not want Mr. Foley to sue the government if he accidentally hurt himself.

The Acting Chairman: We are waiting for Mr. Philip.

Mr. Philip: Okay, I am ready, Mr. Chairman. I would like to get into some detail on the actual final cost, the actual amount the government is paying Lavalin Inc. to take the Urban Transportation Development Corp. Ltd. However, before that, I would like to deal with the more immediate problem of the total cost of retiring, or assisting on to other greener pastures, certain key employees.

Mr. Foley, when the researcher working for me called you and asked you exactly how much you were getting as a goodbye gift from the taxpayers of Ontario through UTDC, you said, "Find out for yourself," or words to that effect. I now would like to find out for myself how much you are getting. What is the package?

Mr. Foley: I would like to take issue just at the beginning. I did not tell your researcher to find out for himself. He asked me a number of questions and I told him I had a two-year severance package. He then added a series of numbers together, and I said, "That is approximately right." What I had received as a severance package was two years' salary plus 15 per cent for the benefits I was forgoing in the two years. That came to approximately \$320,000 plus 15 per cent of that, which I think is about \$47,000 or \$48,000.

Mr. Philip: Basically we are talking about just less than \$400,000.

Mr. Foley: I believe it adds up to about \$370,000.

Mr. Philip: Exactly what are the terms of the pension you will get through that as well?

Mr. Foley: I do not have a pension plan. The pension contributions that have been made by the company and by myself, including various past-service credits that had been purchased, were paid into a registered retirement savings plan, so I had no pension from UTDC.

Mr. Philip: But over the years, money was paid into a private pension plan for you, an RRSP.

Mr. Foley: No. There was a corporate pension plan for which contributions were made by the company and by me and those were simply paid out. The plans in UTDC are being terminated. They are being wound up. The funds in there are being distributed to the employees.

Mr. Philip: Is that fund simply being rolled into a private pension plan?

Mr. Foley: Yes.

Mr. Philip: Can you tell us the amount of that?

Mr. Foley: I am sorry. I do not understand the question. In the sense that it was put into a private RRSP, whatever that yields at the time of retirement depends upon a whole series of things. All that had happened to date was that the contributions that I and the company had made were simply paid out.

Mr. Philip: The relevance is that the average senior citizen or other pensioner out there who is trying to live on \$7,000 a year may be mildly interested in someone who gets a \$375,000 benefit for leaving a company and then, on top of that, has a pension that will produce a considerably larger amount when he eventually retires than the \$7,000 that senior citizen gets now. It is a benefit, you have received it, and I am asking whether you have any calculation of what that package was worth.

Mr. Foley: I have no calculation on what a pension yield will be at the ages of 60, 65 or anything else. I have a private RRSP that I personally have been paying into for years. The contributions that I made to the company's plan and that the company made on my behalf over the years as a normal employee of UTDC were simply paid out, as they are to every other of the 1,800 employees when the plans are wound up.

Mr. Philip: How much would have been contributed on your behalf then?

Mr. Foley: The figure was something like \$32,000 over 13 or 14 years.

10:30

Mr. Hobbs: This type of arrangement would have happened if Mr. Foley had decided to leave at any point in his employment with UTDC. There is nothing special.

Mr. Philip: Later, I want to get into some of the other severance packages, which, I gather, contrast somewhat with Mr. Foley's.

Mr. Hobbs: Can I make one point? The severance package that was decided on with respect to Mr. Foley was done totally by the board of directors of UTDC, which was comprised of a number of business people who dealt with it on what they considered to be a normal business severance arrangement. It was not something negotiated by the government. It was done purely on the basis of the board of directors' assessment. That is why they were hired, to determine what the severance would be in a comparable commercial situation out there.

Mr. Philip: I recognize the argument you are trying to make. Do you not see the difference between a private corporation making a deal for the severance of a top employee and a crown corporation, whose head is appointed by a political body in the same way a deputy minister is appointed, making a deal for the severance of that head? Do you not see an analogy with that of a crown employee? Here is a guy who got a political appointment as president of a crown corporation. Now he is going to get \$375,000 from the taxpayers, directly or indirectly, for saying goodbye to that company.

Mr. Hobbs: When I first met Kirk Foley, he was a transportation economist in the Frost Building. He then went on to the Ministry of Transportation and Communications. It was the decision of the government of the day to develop transportation technology, and UTDC resulted. Mr. Foley, because of his talents in that area, being in the MTC at that time, was put in to be the head of UTDC.

From that time on, the government attempted to deal with UTDC on the basis of it being a commercial enterprise. Rather than talking necessarily about a direct linkage of tax dollars going to Mr. Foley, we are dealing with Mr. Foley's severance being done on the basis of the normal commercial arrangements in terms of revenues and expenditures of UTDC.

Mr. Philip: Let us talk about those normal commercial arrangements. Is it not true that according to Harris--and I have a copy of his book here somewhere--the highest settlement payment for someone who was wrongfully dismissed, as decided by the courts, was two years? Here is Mr. Foley. He is not wrongfully dismissed. He has a number of very good connections. If I may say so to Mr. Foley, he has a fairly good track record as a public servant and then later as--he is not in the same position as someone who is dishonoured, who is wrongfully dismissed and whose career is interrupted by a decision.

Here is a fellow who will probably be offered a fairly good position by, if not the federal government, some other government, or indeed through his own connections will be dealing with government. He is not in the same position as somebody who is the president of General Motors and who, at age 45 or 50, has his career drastically altered and has shame put upon him by a firing. Here is a man who is being phased out because the company is being sold, who has a good career as a civil servant and who has many career

options. How is it then that you settle on the maximum amount to give this man, when he has all these other options open to him?

Mr. Hobbs: The board of directors of UTDC determined that he was being dismissed and was entitled to this type of arrangement. That was their decision.

Mr. Philip: Can I ask you the criteria? How do you decide to give a man two years when the maximum amount the courts have given for wrongful dismissal is two years?

Mr. Hobbs: As far as they were concerned, it was normal commercial practice. Based on Mr. Foley's years of service, it could potentially have been more in terms of a severance.

Mr. Philip: Did they seek a legal opinion on that?

Mr. Hobbs: I think they did.

Mr. Philip: Either they did or they did not.

Mr. Foley: Yes, they did, sir.

Mr. Philip: What legal opinion?

Mr. Foley: They sought an opinion from two sources; one from Thorne Stevenson and Kellogg on a commercial practice basis and one from McCarthy and McCarthy on wrongful dismissals, or at least on constructive dismissals. I received a similar opinion from counsel.

Mr. Philip: I find it astonishing that you are giving this large amount. Was there any connection, any dialogue about this with anyone from the government, with either Mr. Carman or anyone else directly connected with the present government?

Mr. Hobbs: The only dialogue I am aware of was a phone call in which the discussion was that the board of directors should make the determination based on its assessment of normal commercial practices.

Mr. Philip: The phone call was to whom?

Mr. Hobbs: I think it was to Mr. Carman. The only discussions I am aware of were to the effect that this is what we hire a board of directors in a corporation such as UTDC to do. It is their determination.

Mr. Philip: What you are saying is that the government washed its hands completely of the decision.

Mr. Hobbs: I am saying that the government appoints a board of directors to a corporation such as UTDC to make those determinations. That is one of the functions of a board of directors.

Mr. Philip: Does it not occur to you that the government made the decision to sell off the company? It was not the board of directors that decided to sell off the company. That was a government decision. Having made that decision, surely all the other decisions that follow from making that decision should have some interest and some input from the government.

Mr. Hobbs: That was not the position taken.

Mr. Philip: The position that was taken--and Mr. Carman will tell you this--was that he was told to sell off whatever corporations might be saleable. They took the ones for which they thought there would be a market--although in the case of Minaki Lodge, which the auditor told them to sell what seems like decades ago and was many years ago, they did not follow up on it and now they are selling it off for jelly beans.

In this case, there is a viable company and the reason they are selling it is that it is one of the few things they have that they can sell off in any type of market. Having made that policy decision, is there not some responsibility on the government to follow through that policy decision? If it is going to sell something, and that is its policy, it might be of mild interest to the government to find out what it is going to get for it and how much it is going to cost the government to sell it.

Mr. Hobbs: Again, Mr. Philip, as I indicated, the government took the position that it was the responsibility of the board of directors to make specific operational decisions in areas such as this.

Mr. Philip: I suggest to you that was an irresponsible abrogation of the government's responsibility. It was irresponsible then, in the same way it is irresponsible if it has not dealt with some of the other costs that will be incurred by your paying Lavalin to take your company. If I were in the government's position, I would take the attitude--I realize the Liberal prejudice against Mr. Foley and UTDC, but it is not a prejudice I ever had.

Mr. Epp: Mr. Philip is completely out of order. There is no prejudice or bias against Mr. Foley. If Mr. Philip has some substantive evidence of that, he should produce it to the committee. Otherwise, he should withdraw his irresponsible statement.

Mr. Wildman: On a point of order, Mr. Chairman: Perhaps my colleague might better have said Eric Cunningham.

Mr. Philip: I was going to produce that as the evidence. All you have to do is to take Eric Cunningham's statement--

Mr. Epp: Mr. Cunningham is not a member of this Legislature or of the government, and you know it.

10:40

Mr. Philip: Mr. Cunningham was speaking on behalf of the Liberal Party and as the Liberal critic of Transportation and Communications in opposition. We know what the attitudes were.

The Acting Chairman: Mr. Epp, Mr. Philip has the floor.

Mr. Epp: I acknowledge he has the floor, but that does not give him the right to be irresponsible. If he feels he has a monopoly on it, he may proceed.

The Acting Chairman: It is your opinion he is irresponsible, but he has the right to make the comment.

Mr. Wildman: We should call Eric before the committee.

Mr. Philip: I will rest my case with the taxpayers, because they feel your government is irresponsible over and over again on these massive giveaways.

Mr. Epp: As you know, the government was not involved, as Mr. Hobbs has witnessed.

Mr. Philip: That is the problem; it is not involved in anything.

The Acting Chairman: Order. Continue, Mr. Philip.

Mr. Philip: It seems to me that if the government wanted to act responsibly, it would say, "Here is a talented person who is a career public servant, whom the previous government, albeit Conservative, put in a position of responsibility." Notwithstanding some disagreements we may have had with the operation of the company, and I had some disagreements in discussions with Mr. Foley from time to time about the direction in which the company should be going, no one could ever question Mr. Foley's competence.

Mr. Hobbs: No one has ever questioned Mr. Foley's competence.

Mr. Philip: Instead of paying him \$400,000, they could have come to a man in his position and said: "Mr. Foley, you are a valuable public servant. There are opportunities as a deputy minister here or other opportunities in the public service. You realize we have made a policy decision." It is a policy decision even Mr. Foley had indicated might be made at some time. The Conservative government had indicated it might sell the UTDC. The government could have said the writing was on the wall and made him an offer to go back into the public service as a deputy minister or elsewhere at no cost to the taxpayers.

Instead, the attitude seems to be: "Is this not terrible? We have a Conservative here, and we had better not have him as a deputy minister or offer him anything sensibly. It does not matter that he is a competent Conservative. It does not matter that he has done a good job. We have to get rid of the guy." That kind of attitude by the present Liberal government is blatantly irresponsible.

Mr. Hobbs: The only comment I will make is that there has never been any question of Mr. Foley's competence or about the work he has done.

Mr. Philip: I agree. That is what I said. That is why it is so sad that he is being pushed out the door at this expense to the taxpayers when some conciliation and leadership by the government could have been used to say: "Here is a man with talent. Let us use him, regardless of who may have appointed him and regardless of whom he may have worked for in the past." I find that disturbing.

I do not blame Mr. Foley. If I were in his position, I would negotiate for what people were saying I was worth. That is normal ego. Whether you need the money or not, it is nice to know you are worth \$400,000, but it is irresponsible on the part of the government to do that and not to look at the attitudes. They have not done that.

How many other packages have been negotiated or signed with employees or former employees?

Before I ask that, you say the amount comes to \$375,000. Was there an automobile or a limousine that went along with your position as president of UTDC?

Mr. Foley: No.

Mr. Wildman: There was probably a rail car.

Mr. Foley: No such luck.

Mr. Hobbs: The rail car is running in Vancouver right now.

Mr. Foley: There was a yacht club, but no rail cars.

Mr. Philip: It is a beautiful ride too. I am sure he will sell a lot of trains.

Mr. Foley: To clarify that statement, there was a benefit package that included health care, life insurance and those sorts of things, and there was a car allowance paid on a monthly basis. However, I never had any company cars in the past seven or eight years.

Mr. Philip: You have not received a discount on the company car, since you did not have a company car to begin with.

Mr. Foley: I have owned a car for some years, and I purchased it myself.

Mr. Philip: With the exception of the pension you and UTDC have been paying into over the years, you are saying that, basically, the cost to the taxpayer for your gold watch, so to speak, is \$375,000. Is there anything else in the package you are getting as a result of your position that we do not know about and that is not costed in the \$375,000?

Mr. Foley: No. It has been a matter of public record for some time that for seven years I never received all my salary. It was put aside into a deferred compensation plan. That was salary paid in 1981, 1982 and so on. The severance package was two years plus 15 per cent of the two years' salary, which compensated for the benefits that were being paid on my behalf.

Mr. Philip: Is the deferred compensation plan for tax purposes? Would you like to explain that?

Mr. Foley: Essentially. It said that when you received the income, you paid taxes on it; if you deferred it, you did not pay taxes on it. Since the last federal budget, that is no longer possible.

Mr. Philip: If you defer it, at what point do you receive it?

Mr. Foley: The rules of it were that if I left the corporation at any point within the year, I would lose it. If I resigned of my own free will at any point, it would be forfeited. If I did not, I would earn entitlement to it at the end of the year, and it would be paid whenever I asked for it to be paid.

Mr. Hobbs: It was a normal type of tax incentive to keep a valued employee.

Mr. Philip: You get it this year, do you?

Mr. Foley: It is a trust program. It can go on until you want to collapse the trust.

Mr. Philip: You do not have to take it out of the trust.

Mr. Foley: Not unless the federal tax act is amended again.

Mr. Epp: When was that arrangement entered into?

Mr. Foley: In either 1979 or 1980. It was substantially entered into just before we signed the Vancouver contract.

Mr. Epp: It has been there for a number of years.

Mr. Foley: I am not exactly certain of the date it was set up, but it was at least six or seven years ago.

Mr. Epp: If the government changed, as it has in the province, would you expect the new government to honour that commitment?

Mr. Foley: If I could just try to clarify one thing, I am not--

Mr. Epp: I am just trying to ask a sincere question.

Mr. Foley: I understand, and I am trying to answer it, but it needs a couple of pieces of definition, which I think have been confused.

This may be a nicety, but it is still a legal nicety; that is, I am not a civil servant or a public servant, and I do not have any entitlements under the Public Service Act or any other legislation or regulations. I was an employee of the UTDC, which was not a crown corporation by law; it was a corporation incorporated under the Canada Business Corporations Act. To that extent, I had no employee status with the government, ever, after 1973. I had employee status with a corporation that was incorporated the same as Stelco would be.

The government did not create that compensation plan. It was created by the board of directors and it was created in reaction to the signing of the Vancouver contract, in which they stated that before we entered into that contract, they wanted to be sure I would stay with the corporation until 1984, which was deemed to be the time at which the contract would be well under way. They asked for that contract to be entered into in either 1979 or 1980 and that I would not resign until the Vancouver contract was essentially complete. Prior to signing the Vancouver contract, I entered into that compensation plan. Essentially, it said that if I left before it was complete, I would lose it all.

Mr. Hobbs: The primary objective was to ensure that Mr. Foley would stay with the corporation and be available to ensure that the Vancouver project was carried through to a successful completion.

Mr. Wildman: May I have a supplementary?

Mr. Philip: Sure. I have the problem that I have to speak in the Legislature and I had a couple more questions. I am now on my last one.

Mr. Wildman: I will be very brief. Could you indicate what percentage of your compensation package was deferred?

10:50

Mr. Foley: I cannot tell you. I think it was \$37,400. If you add that to \$120,000, you will get \$159,000 and something. That is the percentage. I guess it is 25 per cent.

Mr. Wildman: Therefore, \$37,000 was deferred each year. For how many years?

Mr. Foley: Either six or seven.

Mr. Wildman: Whenever you wish to collect from that trust, the six or seven times \$37,000 will be payable to you.

Mr. Foley: It would be no different than if I had taken the compensation in that year, yes.

Mr. Wildman: Right.

Mr. Philip: Can you tell us--and I am not asking Mr. Foley--but can anyone in the corporation tell us, or give us a list, of the other severance packages?

Mr. Foley: There were 71 terminations. I do not have the individual names in front of me.

Mr. Philip: Can you give us the amounts of some of the high-end ones?

Mr. Foley: The highest executive termination other than my own was eighteen months, and I could only estimate the salaries of which there were eighteen months.

Most of them would be at a year or less than a year. They followed an identical program that was used over three or four years, in which various layoffs and terminations took place. There was a policy declared some time in 1984 or 1983 with respect to layoffs and terminations, in which we did a calculation of the years of service, age of the employee and the status in terms of expertise and qualifications, and came up with a formula that went from one month up to, I think, 14 months. At the executive level, we always received legal opinions on what our likelihood of wrongful dismissal actually was.

Mr. Philip: Do you have a total dollar value on the cost of the 71 terminations?

Mr. Hobbs: It was in the order of \$3.5 million. It is less than what we budgeted originally.

Mr. Philip: So \$3.5 million is being paid in severances?

Mr. Foley: Either paid or due. In other words, some of these are still negotiating.

Mr. Philip: But your estimate is \$3.5 million?

Mr. Foley: That is correct.

Mr. Philip: At any time, have any of the employees been told that

they had better settle quickly because if they do not, there is a cutoff and this is all they will get or they will get less?

Mr. Foley: I was involved in most of the discussions with employees. We have an undertaking, an obligation, to encourage all the employees--other than those that Lavalin had indicated were not selected on their list--to accept employment with the new corporation. In doing so, the day after the contract was completed, which would be September 18, these employees were asked to report to work. In many cases, they had some questions on their future package or their future compensation, work responsibilities and so on, and they rightfully asked a series of those questions.

After a period of some days, and perhaps a week or so, we indicated to them that we thought it was appropriate they make up their mind about whether they were going to accept employment with the new corporation. After all, the work had to go on.

Mr. Wildman: Did you give them 48 hours to make up their minds?

Mr. Foley: No. I do not believe that is the case. Letters were sent out that asked for a reply. Keep in mind that this was an asset sale. In effect, the employees were all terminated from one company, and offers were made to be hired by a new company. They were given offers of employment. In that offer of employment from the new company, it indicated it would appreciate a response within 48 hours. Many employees said: "We would like to ask some more questions. We would like some more clarification." They had that time.

Mr. Philip: How many hours were you given, Mr. Foley?

Mr. Foley: I do not know, sir. Sometimes I think it was two years; other times, I think it was 24 hours. However, it was never that question. I understood there were negotiations going on, and when they were completed it would be highly unlikely anyone would ask that I continue.

Mr. Philip: Would it come as a surprise if I were to tell you that some of your former employees have expressed the view--albeit I do not have a signed document, I can assure you that it is a view that has been expressed--that certain strong-arm or pressure tactics were used on lower-level employees, while the executives had fairly long discussions and negotiations? Somehow, if you happened to be high up in the company, you did not have those types of pressures; you did not have anybody telling you to report back in 48 hours. If you were lower down, you were under the gun.

Mr. Foley: I think that is an unfair statement. Keep in mind that the union employees' contracts were automatically taken in; so, in effect, they were never terminated as employees. Every nonunion employee received exactly the same letter; it just had a different address on the top of it. Every single one of those letters indicated it would like a response within 48 hours.

I and various other individuals of the executive responded to every single call, every single request for information and discussion. It was not only the senior employees. I met personally with junior engineers, draughtsmen and people in clerical positions. It would be most unfair to characterize it that long discussions took place only with executives.

Of course, I met with every one of those executives; they reported

directly to me. We also had the senior executives meet with their staffs. Keep in mind that the offers were not being made by UTDC Ltd.; they were being made by the new corporation.

Mr. Philip: Of the 71 terminations, are there any currently under suit? Are any of them likely to come to wrongful dismissal court hearings?

Mr. Foley: I hope not. We have a number of letters from people's lawyers and legal firms from which they sought counsel. The termination of their employment was somewhat traumatic to them as well, so they sought advice. In many cases, counsel wrote us letters asking for clarification of our position with them. We took the position that it was a delicate task to walk between the responsibility for the corporate funds and equity and fairness to the employees, many of whom had been there for years.

Under the new scheme of things, some were not being offered employment, and some were being offered employment that was not deemed to be comparable to the employment they had previously. We found there were a number of cases that were justified on the employees' behalf.

It was always a question of walking between that line. At present, we have no writs issued. We have one or two people who, having received legal counsel, believe they should have greater compensation than we feel is adequate. We also continue to make tests throughout the entire process on whether we dealt with people in comparable situations in a comparable manner. Some of those people would take issue that they were not in the same comparable category that we deemed they were. At present, there are no writs issued, and we do not believe any of these cases will proceed to court, but you never know.

Mr. Philip: Are you working part-time as a consultant to UDT?

Mr. Foley: We are currently discussing whether I will continue to give them advice on a periodic basis as they wind down the corporation. We have not come to any agreement.

Mr. Philip: How can you get a severance of two years and then continue to work for a company? Surely, if you were going to be hired on a part-time basis, that would be part of the package and your severance would be reduced accordingly, would it not?

Mr. Hobbs: Mr. Foley was very intimately involved with a number of the contracts that are currently being completed. From the standpoint of dealing with the claims and warranty situation, we feel it will serve the taxpayer well to have access to Mr. Foley and his intimate knowledge of what went on with respect to those particular contracts. From that standpoint, we really feel the government will be better served being able to have access to his expertise.

Mr. Philip: I do not question that Mr. Foley has an intimate knowledge of those contracts. Indeed, had the company not been sold, Mr. Foley probably could have delivered a few more contracts. None the less, how do you get paid for leaving a company and then get paid for being an employee of that same company?

11:00

Mr. Callahan: If you leave the Legislature, you get severance pay.

You could continue to work, I suppose, on a board or commission and still be paid. That question does not make sense,

Mr. Philip: You are not paid as a member of the Legislature.

Mr. Wildman: Did René Fontaine get that?

Mr. Philip: You are negotiating further contracts then with the UTDC at the moment?

Mr. Foley: I have made the following commitment to both the board and to the government that in the conduct of winding up the existing corporation, UTDC Ltd., if it assists the government, the corporation, or the taxpayers in any manner, that I could be helpful to them.

I have spent 13 years creating and directing this corporation and I found myself willing, if possible, to assist them in meeting their goals and objectives. I have a deep affection for this corporation. If it can be done, then I would be willing to do it.

Candidly, at some point you have to say to yourself, "You have to move your career ahead." To that extent you must turn to some discussions as to what this means. Standby can be a long time. Those discussions are taking place. What kind of assistance would you need? What do you require on standby? I cannot stand idle doing nothing, simply waiting for you. On the other hand, I do not want to let the situation get into difficulty when I can help out.

Mr. Philip: Now that you have made a deal and the money is in your pocket, so to speak, you can probably answer this question: Did you at any time indicate to Lavalin that you were prepared to stay on?

Mr. Foley: I was never asked the question, so I did not indicate anything. I had one discussion with Lavalin in the February timetable, at which I said to the two principals that I thought at the moment any discussions of futures would be out of line; that I would likely be asked, at some point, various questions in respect of the negotiation and this would represent a conflict I could not handle. So we never discussed it.

Mr. Philip: Did you ever discuss the possibility of staying on after the switchover with the board of UTDC?

Mr. Foley: We discussed the same things we are discussing now, as to what kind of assistance could be provided to the board in terms of some of the things that have to be done in the next year and a half. We never let it get to the point of any detailed discussions. Primarily, there was always, and up until recently still was, the issue of closing this arrangement.

Mr. Philip: My other questions will go on a different route.

Since I may be needed to speak in the Legislature, if I do not get a chance to wish you goodbye, I want to thank you for your help over the years. You have always answered my questions when you were allowed to do so. I appreciate that you are a very talented person. I know you will probably make a lot of money out there. We will see you.

Mr. Callahan: Why do you not kiss and make up?

Mr. Mancini: Why do you not kiss his ring?

Interjection: Maybe you would like to run for the Legislature.

Mr. Foley: Oh, I do not want to answer that question.

Mr. Gillies: I have a number of questions about the company.

I should declare my prejudice at the outset. I believe, based on what I have seen and read, that UTDC was a very well run company with an excellent product, which those of us on this committee who went to Vancouver this summer saw at first hand. It had excellent technology and, I believe, excellent prospects.

The questions I have are regarding just what type of a deal the people of Ontario got for this company, which I do not believe should have been sold. I will ask just one question along similar lines to those that Mr. Philip asked about personnel.

Mr. Foley, you may care to confirm or deny this, as is your wish. I understand that you were so upset and so frustrated with the way the new government was handling UTDC and the uncertainty as to whether or not the sale was going to take place, to whom, what the future of the contracts were and what the future of the company was that you offered your resignation in the fall of last year to Premier Peterson. Is that true?

Mr. Foley: During September 1985, I did write a letter to the Premier indicating I was concerned with the process that was under way and that if he felt it would be more appropriate to have a different chief executive officer, that choice was his and he could accept my resignation.

Mr. Gillies: And his response?

Mr. Foley: He called me several days later and asked me whether I would forget the letter.

Mr. Gillies: Would you tell the committee whether you share my opinion, based on following this over the past year or so, that the uncertainty about the future of the company, which became manifest since the new government took over, was costing the UTDC millions of dollars worth of business?

Mr. Foley: I have been in front of this committee before and I have been asked the question about the uncertainty and the difficulties of selling a corporation. I have answered in the following manner and I still believe that: Any sale of a corporation will always create some uncertainty. The uncertainty will always go to three classes of constituents; the customers, the suppliers and the employees. They are all valuable constituencies of any company. The minute you create any kind of situation in which there is some doubt, great or small, you have a certain amount of uncertainty.

The unfair answer would be to try to estimate anything with respect to whether it costs millions. It is a management issue. Obviously, one of the reasons I discussed the former issue that you brought up with the Premier was that if he felt that uncertainty could be better managed by others, fine. I do not think I could agree that I have any estimate of whether or not it cost millions. We tried to manage as effectively as we could to get the company sold.

As you know, I have said to this committee before that I believed the company should eventually be sold and that I would support a privatization of UTDC. In doing so, I recognized there would be uncertainty in the process. I guess we can all look back at it and ask whether it could have been done this way or that way more easily. We went through a period of some uncertainty.

Mr. Gillies: I would like to ask a number of questions about the deal and the makeup of the deal. Whether these should more appropriately be directed to Mr. McLennan or Mr. Biddell, I would invite whoever can provide an answer to some of these questions to please do so.

My understanding of the deal is that the government is getting \$30 million from Lavalin. I further understand that does not even cover the book assets of UTDC. I invite you to confirm or correct me if I am wrong that the assets of UTDC are listed at \$27,431,000 and the inventory at \$3,813,547, for a total of approximately \$31.2 million. Right off the bat, there is a loss of \$1.2 million of sale price versus inventory and assets.

Mr. Biddell: Sir, what are you quoting from?

Mr. Gillies: I am quoting from research that has been put together, in part from testimony given before the other committee dealing with Ministry of Transportation and Communications estimates and in part from the memorandum of understanding from Lavalin, which I have here--schedules 8 and 10 from the document sent to Mr. Fulton on July 14, 1986, by Lavalin.

If you look at schedule 8, Urban Transportation Development Corp. Ltd. fixed assets, the bottom line of the financial statement column I am looking at indicates fixed assets of \$27,431,000. On schedule 10, UTDC Ltd. consolidated inventory, there is a bottom line of approximately \$3.8 million. That makes a total of \$31.2 million; the sale price to Lavalin was \$30 million. I wonder why the sale price would not, at the very least, reflect the assets and inventory of the company.

11:10

Mr. Biddell: On schedule 10 the inventory is shown as \$3,813,000. The new UTDC Inc., the purchasing company, did not get all the inventory. The deal was it would get only the part of the inventory that the old company did not require to complete its contracts. It is getting only a very small amount of the inventory. How much is not yet determined.

Mr. Gillies: All right. It may not get, let us say, \$2 million worth of inventory.

Mr. Biddell: It will get a few hundred thousand rather than \$3.8 million. That is my estimate.

Mr. Gillies: I am sorry. What becomes of the balance of the inventory that does not go to Lavalin?

Mr. Biddell: The sale is a two-part transaction. The existing company--I will use that term--was involved in seven major contracts. The contracts were not sold. The existing company is going to continue to carry them out for its own account. The bulk of these inventories will be retained by the existing company and used up in carrying out those contracts.

Mr. Gillies: Fair enough. I can see that.

The Acting Chairman: Mr. Callahan has a supplementary.

Mr. Callahan: Mr. Biddell has just said the province is going to participate under this arrangement in profits of the company.

Mr. Biddell: That is another aspect of the transaction, sir.

Mr. Callahan: Would it also participate in the seven contracts that have been retained because the former Conservative government guaranteed them and those guarantees are carried forward?

Mr. Biddell: Very much so. Those contracts have to be completed and they are going to be completed for the account of the old company. There will be a profit, not a loss, in completing. We do not know how much.

Mr. Gillies: Moving on from the \$31.2 million, I further understand there are one-time payments in excess of existing contracts that account for another cost to the province of about \$8.2 million; research and development on the advanced light rail transit, \$1.9 million; other research and development, \$4.5 million; new UTDC shares, \$150,000; returned deposit--and I would like to come back to that one--\$1,066,000; RailTrans shares of \$660,000, for a total of more than \$8 million as an additional cost to the province as part of the deal. Is there some offset or something I am missing there? Is that a direct cost to the taxpayers or is there any possible benefit in return for that?

Mr. Biddell: To give you a fair explanation, we would have to deal with most of those individually. I cannot respond with respect to the total of \$8 million.

Mr. Gillies: Okay, let us go through them one by one. The first one is \$1.9 million in research and development funding for the ALRT.

Mr. Biddell: The province had already been having discussions with the company on providing research and development grants to the company as it went on, because the province wanted to assist in developing new technology. It agreed with the purchaser that it would provide those research grants to the new company carrying on that research and the new company would be making contributions of its own. That was just carrying on with the new company the sort of research program the province had agreed to subscribe to with the old company.

Mr. Gillies: If I may put that another way, you are saying that was a kind of research function that the province wished to undertake whether or not the company involved was its own creature.

Mr. Biddell: That is correct.

Mr. Gillies: Can the same be said for the \$4.5 million in additional research and development, other than the advanced light rail transit?

Mr. Biddell: That is true.

Mr. Gillies: Could you explain the cost of new UTDC shares? Could you confirm for me that \$150,000 represents \$1 a share?

Mr. Biddell: Part of the sale transaction was that the province would retain 15 per cent of the issued capital stock of common shares of the new company but it was required to buy them for \$150,000.

Mr. Gillies: In a sense, it was a token thing. It was \$1 a share in order to undertake the transaction as part of the deal?

Mr. Biddell: That is correct.

Mr. Gillies: With regard to the returned deposit, having received a deposit of more than \$1 million from Lavalin, the purchase then being undertaken, why would the deposit be returned? It may be a business practice of which I am unaware, but I would normally think of a deposit as being a down payment on the purchase price, which would then go into the province's funding.

Mr. Biddell: The arrangement for a deposit was entered into before I became involved in this affair, but my understanding of it was that the province did not want to deal with people who might not have been interested but were just tire-kickers, if you will, looking for information. Therefore, they required, I believe, of both Bombardier and Lavalin, which were the two really interested firms in the early stages, that if they were going to continue and be provided with a great deal of information, which is very expensive to provide, they would put down \$1 million as bona fides of their interest.

The way the deal was finally struck is that we sold the package--I will use that term for the moment--to Lavalin for \$30 million, which it paid us in two forms, and it got its \$1-million deposit back.

Mr. Gillies: Plus interest.

Mr. Biddell: Plus their interest. I think when they put it up, the arrangement was that it would be put in a trust account and earn interest and if they got it back they would get the interest on it.

Mr. Gillies: Bombardier's \$1 million was also returned. Were there any other deposits apart from those two?

Mr. Biddell: I am not aware of that. I did not look into it.

Mr. Gillies: RailTrans shares of \$660,000?

Mr. Biddell: Let me put it this way: the province was under an obligation to Hawker Siddeley, from which it had purchased RailTrans, and that included the Thunder Bay plant. It had an option to take up the shares of RailTrans that it did not already own. When it did the deal with Hawker Siddeley, 20 per cent interest in that company was left with Hawker Siddeley. In order to carry out this sale, it had to exercise its option to pay out Hawker Siddeley and the approximately \$600,000 was the price of doing so.

Mr. Gillies: That completes this list.

Mr. Biddell: As a matter of fact, I think the amount was greater than \$600,000. I think it was about \$1.2 million.

Mr. Gillies: It could have been more. Thank you. That completes that list. For one reason or another, the province had to undertake one-time payments of something in excess of \$8 million quite apart from the purchase price.

Mr. Biddell: Yes, much of which the province would have paid in any event had it not made the sale.

Mr. Gillies: For a layman, one of the most complicated features of the deal--

Mr. Mancini: You are not a layman.

Mr. Gillies: I am not an economist, I swear to you. I think for most of us one of the most complicated features of the deal is the tax offset. As I understand it, there is a speculative 25 per cent of pre-tax profit that flows as an offset to taxes, assuming there is such profit. I wonder if you could explain this because I am led to understand by a tax specialist that the net result is probably zero. In other words, there is no particular benefit to the province of going this route as opposed to just collecting the tax. If I am wrong, I hope you can explain it to me.

11:20

Mr. Biddell: I would like to try to do so as a part of explaining this particular feature of the transaction, for which I take responsibility because I introduced it.

When I came into this, it was about the end of April. The deal on the table was quite unacceptable to the province. However, for reasons which were explained to me and with which I subsequently completely concurred, the province wanted to sell the company. If we were to sell the business for what we could get for the bricks, mortar, equipment and technology, we were looking at somewhere in the area of \$25 to \$30 million. There was real concern about whether it was a reasonable sale price, particularly in the light of the fact that over the years the province had put \$165 million into the company to try to develop the technology and obtain the employment and the economic activity that go with it.

The only real feature I introduced to the deal was to say, "Why not participate with the purchaser, with the new company that is going to carry on this business?" We felt they were better equipped, for a quite a number of reasons, to carry on the business more profitably than the existing company was able to do. We felt a reasonable basis of structuring the sale was to have a continuing piece of the action, if you will. The arrangement was: "We will sell you the assets--which consisted of the real estate, the equipment, the technology and a little inventory--for \$30 million. We will take \$10 million in cash. We will leave \$20 million with the new company. Lavalin will guarantee it will ultimately repay to us at the end of the 10-year period, for which this \$20 million was to be left with the new company"--

Mr. Gillies: That is the debenture?

Mr. Biddell: That is the debenture.

The income we will get on the debenture will not be just a rate of interest. The income will be 25 per cent of the pre-tax profit earned by the new company during that 10-year period.

It was decided to structure it as the pre-tax profit because my own tax advisers persuaded me we would get a better net result out of getting it on a pre-tax basis, recognizing that some of the taxes, if they otherwise had been paid, would accrue to the province. However, in the calculations we did, recognizing where the work was going to be done--a good deal of it in Ontario and a good deal of it internationally--we would get a better result if we could do it on a pre-tax basis, recognizing the offsets, than we would otherwise. This is why it was structured that way.

Then, quite understandably, the purchaser said: "If we have to pay taxes because of the basis on which we set up the transaction--the federal Department of National Revenue does not allow us to deduct from our taxable income the amount we pay to you--then to the extent that we have to pay taxes, you will have to refund us." The deal is a pre-tax situation. We do not expect any taxes will accrue to the new company, arising out of the money it is paying us. We expect they will get a full deduction for it. If they do not, and if they have to pay tax, then we are going to have to refund whatever tax they pay. If they do not make a profit, we are not getting any income on that \$20-million debenture at all. There is no interest.

Mr. Gillies: You are taking a gamble, Mr. Biddell. I put it to you this way, if you had structured the deal such that the province got a normal rate of interest on the \$20-million debenture--whatever it might be, eight, nine, 10 or 11 per cent--you can see that would be guaranteeing some millions of dollars over the 10-year life of the debenture.

As I say, I am bullish on UIDC; I hope and believe it will return to you a fair profit. However, you are going to receive only the 25 per cent of pre-tax profits if there are any profits--correct?--and if Lavalin can convince the federal and provincial tax departments that it can deduct from its taxes the amount it has to pay to you.

I agree with you that some deduction is undoubtedly going to be allowed. What if the full deduction is not?

Mr. Biddell: Then instead of getting 25 per cent of the pre-tax profit, we will wind up with half of that, assuming the tax rate was 50 per cent. That is just an arithmetic explanation.

Mr. Gillies: Okay.

Mr. Biddell: If they have profits, we are going to get something. We will get 25 per cent of the gross profit, or the net operating profit, if you will, provided what they pay us can be treated, in their own tax returns, as a deduction from their taxable income. If any part of what they pay us is not allowed as a deduction, the tax on that will reduce the amount we are going to get.

Mr. Gillies: You are assured, or you feel you have the assurance, that the respective tax departments would allow at least a partial deduction?

Mr. Biddell: Yes.

Mr. Gillies: Okay. Has the debenture been signed?

Mr. Biddell: Not yet. We are still working out the details. We are still having discussions with the federal Department of National Revenue to try to ensure there will be full deductibility. Whether we will succeed all the way, we do not know yet.

Mr. Gillies: Do you have any anticipated signing date for the debenture?

Mr. Biddell: No. When the deal was signed, we agreed that the initial date was October 31. However, it was made clear, orally, that Lavalin had no real concern about the signing date. The principle of the deal has been agreed to and is set out in the main purchase documents which have been executed by both parties.

Mr. Gillies: Last week, when you were involved in the Ministry of Transportation and Communications estimates, I understand you said you expected to take a large loss on completing existing contracts. Can you tell us, as precisely as possible, the dollar amount of the losses you anticipate.

Mr. Biddell: I really cannot. I have no ability to estimate those because, to a major degree, the losses will depend on the resolution of claims the customers on those contracts have already filed or are talking about. If everything they are claiming should ever prove to be ultimately payable, and I cannot believe it will, the losses could run into scores of millions of dollars. However, what it is ultimately going to be, I do not know.

Mr. Gillies: Do you know roughly the dollar amount of claims in at the present time?

Mr. Biddell: No. I have heard of individual amounts but in a number of cases they have not been quantified as to amount. They are claims that they consider they may have; claims as to whether the systems will actually work when they are installed; what the amount of the warranty claims will turn out to be and so on. It is something that is not going to be resolved for, I would say, at least two years.

Mr. Gillies: I have heard an estimate--

The Acting Chairman: Go ahead. Mr. Callahan has a supplementary.

Mr. Gillies: Sure, let me just ask this one. It follows.

I have heard an estimate--the absolute worst-case scenario, if you will--of up to \$1 billion. Is that way out?

Mr. Biddell: That is outlandish. I have never heard anyone say that.

Mr. Gillies: So it would not be anything close to that?

Mr. Biddell: Nothing close to that.

Mr. Callahan: By way of supplementary, because of the guarantee given by the former Conservative government, regardless of what had happened to the Urban Transportation Development Corp., and if there was, as you say, a loss from those contracts, the government would have been committed to paying that anyway.

Mr. Biddell: Unquestionably.

Mr. Callahan: Therefore, it is really irrelevant with respect to the deal itself, because it would have been payable by the government as a result of the commitment of the previous Conservative government.

Mr. Biddell: This is a basic reason it was not the sale of the shares. Lavalin was prepared to buy the operating assets, but it was not prepared to take on these contracts and absorb the potential losses itself.

Mr. Callahan: That is not a remarkable way of doing it. That is normally the way it is when there are contracts such as those outstanding.

Mr. Biddell: Indeed it is.

Mr. Gillies: The layman retakes the floor here. I have a number of other specific questions.

Mr. Philip: Is that the same legal opinion you gave yesterday with the holdup of the Becker's milk store in the Legislature?

Mr. Gillies: Did I say anything about a Becker's?

Mr. Philip: I am talking to Mr. Callahan.

Mr. Callahan: The irrelevancies that get injected into these discussions are incredible.

Mr. Philip: That is what I said concerning your speech yesterday.

Mr. Barlow: It has taken you more than a year to find that out.

Mr. Gillies: Do you notice how nonprovocative I am being today?

The Acting Chairman (Mr. Davis): I noticed that. I am quite proud of you.

Mr. Gillies: I think this should be on the record.

I wonder whether I could go through with you, sir, some one-time expenditures that I understand have to be made, quite apart from the question of contract liability and so on, and whether you could try, as well as you can recall, to give me approximate dollar values on some of them. I understand the province has to reimburse Lavalin for all Ontario retail sales tax applicable to the sale. That is on page 36 of the memorandum of agreement.

Mr. Biddell: It was a condition of the agreement, and I have no idea how much it would be.

Mr. Langdon: Very small.

Mr. Biddell: It would be very small. I do not know whether it applies to the machinery and equipment; it may just apply to the inventory. I do not know how much it is, but it is very small in relation to the whole transaction.

Mr. Gillies: If it were, let us suppose, the inventory, it would presumably be seven per cent of a couple of million dollars.

Mr. Biddell: No. That inventory is not being sold. As I suggested at the outset, only a few hundred thousand dollars at the most will be sold.

Mr. Gillies: So you do not expect it would be--

Mr. Biddell: It is not a consequential amount.

Mr. Gillies: Some thousands of dollars, as opposed to some millions?

Mr. Biddell: That is correct.

Mr. Gillies: There has to be a reimbursement to Lavalin for any fixed assets sold between July 14 and September 17. Was there a substantial movement of assets?

Mr. Biddell: No. We are not aware that there was any, but when we were negotiating the deal--and we did it as of July 1--recognizing that we did not agree on it until mid-July and it was not closed until September, the whole transaction was being closed as of July 1 and we just had to make the provision that in the event the company had sold off some typewriters or machines or whatever, Lavalin would be given a fair adjustment.

Mr. Gillies: There has to be a payment to rectify problems identified in Thunder Bay, including damage to the sewers.

Mr. Biddell: There had been a dispute--I will call it that--going on between RailTrans, the old company that owned the Thunder Bay facility, and the municipality with respect to rectifying or improving some sewers. That has been going on for several years, I understood. One of the terms of the sale was that whatever that cost was going to be would be for the account of the province.

There had been an independent consultant's report. He put an estimate on it of \$212,000, and we agreed, as part of the overall deal, that the vendor would pay the cost of doing the work.

Mr. Gillies: So that I am clear, before the proposed sale, did the liability accrue to UTDC or to the province?

Mr. Biddell: Oh, no, to UTDC. I am afraid I am guilty of saying "the province" a number of times when I really mean the old company.

Mr. Gillies: All right. So that is, in fact, a liability that consequently goes to the province as a result of the sale.

Concerning reimbursement to Lavalin for any overbilling or extra billing--it is a word we do not use much around here any more--any overbilling or prepayments received prior to September 17, this is on page 76 of the memorandum. To give you an example, just so you know where I am heading, I hear, and I would invite you to confirm or otherwise comment on this, that an \$8-million down payment was paid by GO Transit to the old UTDC and that this was then paid to Lavalin on closing.

Mr. Biddell: That is correct.

Mr. Gillies: For the purposes of page 76 of the memorandum, was that considered a prepayment?

Mr. Biddell: I think it would have been. There had been discussions over many months that Via Rail was to give UTDC and Bombardier a very large contract. Via had actually made an initial payment.

Mr. Langdon: It is GO. You were referring to GO, were you not?

Mr. Gillies: Yes. I am sorry--

Mr. Biddell: Sorry.

Mr. Gillies: This was GO--

Mr. Biddell: The down payment on the GO contract, which the new business was going to take on. We had no equity in that contract; we had no right to retain the down payment. It was just a down payment that had been

made to old UTDC in anticipation of its doing the contract. Inasmuch as it is not going to do the contract and the new company is, that payment was turned over to the new company.

Mr. Callahan: Just like Reed paper?

Mr. Gillies: So the new UTDC, as opposed to the province, now pays the \$8 million.

Mr. Biddell: No; it receives the \$8 million.

Mr. Gillies: It receives the \$8 million, as opposed to the province.

Mr. Biddell: That is right.

Mr. Langdon: Because new UTDC assumed the full obligation for that contract. Therefore, it was entitled to all the proceeds from the contract.

Mr. Gillies: Okay. And that \$8 million is in excess of the \$30 million, of course?

Mr. Langdon: Yes. It is part of the price for the cars that GO was buying; that is all.

Mr. Callahan: May I ask a supplementary, if you do not mind? That is not an unusual practice.

Mr. Biddell: Oh, not at all. Anything having to do with the contracts that the old company was not retaining, the contracts that the new company was going to take on for its accounts, where we had received prepayments on those contracts, we had to turn them over to the new company, because we were not doing any of the work.

Mr. Callahan: That is right. That would be a payment up front, which is adjusted on the closing of the transaction.

Mr. Langdon: That is right.

Mr. Gillies: I am not suggesting for a minute that there is anything unusual. I am just trying to trace some of these multimillion-dollar payments so that we know where everything--

Mr. Callahan: May I ask one further supplementary, Mr. Gillies?

The question was raised by Mr. Gillies about the responsibility for these sewers. He asked whether the province would have been responsible. In essence, UTDC was a crown corporation, so in fact--

Mr. Wildman: Yes and no.

Mr. Callahan: Was it a crown corporation?

Mr. Biddell: No, it was not. Legally it was not a crown corporation. It was incorporated under a separate act. The act said it was not a crown corporation. I do not think anything really hangs on that. The province owned all the shares of old UTDC, other than the ones Hawker Siddeley retained for a while.

Mr. Callahan: So even if it had stayed as it was, the province would have been on the hook for those expenses.

Mr. Biddell: The company would have been on the hook to rectify that sewer, and the province, as the owner of the company, was indirectly responsible.

Mr. Gillies: Mr. Chairman, I am conscious of the time. I have a long list of questions here, but in fairness, if I might just ask one or two more, then other members, I am sure, have a lot that they would like to ask. If there is any time left, I will come back.

Pensions are a hot issue around here these days, Mr. Biddell. I understand from page 100 of the memorandum that there will have to be a payment for the unfunded liability of the pension fund if the surpluses cannot be transferred by Lavalin. Do you know yet whether Lavalin intends to do anything with the surpluses, or is there going to be a further liability here?

11:40

Mr. Biddell: It is still being worked on. If there is one, payable by old UTDC to the new company, it will be relatively small, because the pension funds were in good shape. One had a slight deficiency. Some of them had a surplus.

Mr. Gillies: Can you give us a rough idea in dollars?

Mr. Foley: For the total of all the pension plans, the surplus was in the order of \$2.2 million. These plans were all administered as a unit in a sense that the company made sure there were sufficient resources to be overfunded in all of its plans. However, when you close down each plan individually, then you look at the assets of that individual plan.

There was one plan that may be up to \$250,000 to \$450,000 of what is called an underfunded situation. That depends on what the actuaries use as an interest rate. Some use seven per cent, some use nine per cent and so on.

The corporation intends to collapse all the plans, pay out all the liabilities so that everyone is paid what he is owed, and then to share the surplus equally among all the employees. We will have to get a ruling that this is okay. If not, then we will have to top up the one fund before it is closed out.

Mr. Gillies: Okay.

Mr. Foley: But they are well in surplus.

Mr. Gillies: This is such a hot issue these days.

Mr. Foley: That is right.

Mr. Gillies: There is no intent on Lavalin's part to remove any surplus.

Mr. Foley: Absolutely not.

Mr. Biddell: Lavalin gets no part of this whatsoever. It is all going to the employees.

Mr. Wildman: Conrad Black is not involved in it.

Mr. Gillies: Very good. I tell you sincerely, I am very pleased to hear that.

I have one final question. Mr. Kruger has been sitting there very patiently all morning, and I wondered whether I might direct one question to Mr. Kruger.

The Acting Chairman: You may. One.

Mr. Gillies: Just one, and it is not a tough one.

Mr. Epp: He was really concerned.

Mr. Gillies: This goes back to your past responsibility for the crown corporations. I understand that a report was prepared for the Premier (Mr. Peterson) last fall or winter that was entitled, A Report to the Government of Ontario on the Future of UTDC, or words to that effect. I wonder whether you can confirm the existence of such a report.

Mr. Kruger: The only report I am aware of is the one that was done by Don Gracey, the Gracey report, which came forward and was released. There were some confidential schedules, which had to remain confidential because the report dealt with Suncor shares and things like that. It made assumptions with regard to UTDC as well. But that was a confidential document. It was intended to be confidential, but we did release it.

That is the only report I am aware of. Other reports were prepared by the old UTDC itself, but they were internal. They are the only reports I am aware of.

Mr. Gillies: To the best of your knowledge, there was no confidential report to the Premier about the future of UTDC that the committee would not already have seen?

Mr. Kruger: The only confidential report that there might have been would have been something that had been done by UTDC itself, by Mr. Foley, before I joined the civil service.

Mr. Gillies: Thank you. Perhaps I can ask Mr. Foley whether he was aware of such a report.

Mr. Foley: There are some reports, and I do not know whether they are confidential or not. A report was done prior to April 1985, which set out a number of alternatives for the future of UTDC with respect to its product line and where it went to. That was discussed among a number of people, and I cannot tell you exactly what happened to it.

In addition, there was a report on the future of UTDC--and I do not know whether this is the one you are talking about--that was discussed with our board of directors. I believe it was submitted to the government in either September or October 1985.

Mr. Gillies: I would think that is the one; it is the right time frame. Do you know whether the report might be available to be tabled with the committee?

Mr. Callahan: Was it submitted to cabinet, the government?

Mr. Foley: No. This would be a report that I discussed with my board of directors and then would have submitted either to the minister's office or to the deputy minister's office in that time frame.

Mr. Gillies: It is not a cabinet document.

Mr. Foley: I never submitted it in that sense. The report I am talking about was not a report that the government requested. It was a discussion paper that I drafted with some of the senior executives about what the various options were. It was presented to and discussed with the board and sent to either the deputy or the minister on the basis that it was advice.

Mr. Gillies: Sure.

Mr. Foley: I do not know anything of a cabinet document.

Mr. Gillies: This report is not your problem, anyway, now. The proprietorship of this report would now be with the ministry, to the best of your knowledge.

Mr. Foley: Either the ministry or the company.

Mr. Gillies: Okay.

Mr. Foley: I do not know of any cabinet-type report that would have been submitted.

Mr. Gillies: Okay. We can leave it at this for now. May I ask the representatives here to inquire of the deputy minister whether he has such a report and whether he would have any problem with the committee having a look at it?

Thank you, gentlemen.

Mr. Epp: I want to go back for a few minutes to Mr. Foley's severance package and the procedures that have been followed. Mr. Hobbs is not here, so I am not sure to whom I should direct this question.

I am trying to ascertain the makeup of the board itself, the appointees to that board and when those appointments were made.

Mr. Foley: I can name the board, if it helps.

Mr. Epp: Would you, please, Mr. Foley?

Mr. Foley: Okay.

Mr. Epp: How many members are there on the board?

Mr. Foley: At that time there were 11 members on the board.

Mr. Epp: I do not need to know their names, but how long would the average stay on that board be?

Mr. Foley: I would say about half the board had been appointed in 1973-1974 and had remained as the board of directors throughout that period of

time. In about 1979 or 1980, the government introduced a process whereby the tenure of board memberships of either agencies or companies they owned would be three years with a three-year renewal.

In effect, that produced a situation in which there were three or four members of the board who were more recent appointments: some two years, some four years and some six years. On the date that the letter of intent was signed, the board was made up of eleven people, of whom six, including myself, would have been members since the beginning of the corporation. The other five had various tenures.

Mr. Epp: Most of the members have had a length of experience on the board.

Mr. Foley: Yes.

Mr. Epp: What was the basis on which they were appointed? Were some of them provincial employees, or were they chosen all from different industries in the province on the basis of their expertise in the communication-transportation sphere?

Mr. Foley: From the beginning, my understanding of the process always was that there were recommendations. At the very beginning of the corporation, a task force was put together in 1973 by the Premier of the time to look into the way in which to carry out this development task. He appointed six or seven members of private sector industries. Those people were subsequently asked to form the core of the board.

Subsequently to that, we would be asked for advice on what additional expertise was needed on the board. As the company went from a research program to a commercial sales program, the government asked us to give recommendations on the nature of the advice that was needed. We would recommend that we needed people in the banking business, in the international finance business or on the legal side of things. We would recommend names of people we knew or who had been associated with this industry. They would eventually be appointed to the board, or not appointed. However, they were all from outside government; there have been no deputies, civil servants or public officials on the board of directors at any time since its beginning.

11:50

Mr. Epp: I am not sure you are the best person to answer this question, but you might be. Traditionally, when the board has negotiated a severance--in this case it negotiated yours, Mr. Foley--what kind of advice has it got and what procedures has it followed?

Mr. Foley: I do not want to profess to talk about what is normal. I can only tell you my knowledge of what happened in this case.

Mr. Epp: That would be helpful.

Mr. Foley: When the letter of intent was signed, I was aware these discussions were going on. Both the chairman and I independently sought advice as to what would be the outcome of such a--

Mr. Epp: Legal advice?

Mr. Foley: Legal advice. I sought advice and so did they. They talked to McCarthy and McCarthy and engaged a consultant from Thorne, Stevenson and Kellogg to give them advice as to how to proceed. I suggested it was very important to me that the corporation carry on in whatever fashion the government and the board deemed appropriate, that I would try to participate and that therefore it would be helpful if the process could go on in a manner in which counsel discussed the matter among themselves.

I understand my counsel discussed the matter with their counsel and that their counsel gave them advice, I think both orally and written. I was not privy to that but I was informed they gave them advice. I then instructed my counsel that while he might think there were additional funds to be sought, I would be content if both parties believed a two-year severance was equitable and would agree to it. I signed an agreement to that effect. They took it before the board. I was not at the board meeting. I understand it was approved.

Mr. Epp: Mr. Biddell, you have been with UTDC as a consultant for a number of months now.

Mr. Biddell: I think I was retained on April 25, 1986.

Mr. Epp: Were you involved or consulted or anything of that nature in the severance of Mr. Foley?

Mr. Biddell: Not at all; not in the case of Mr. Foley or in the case of any of the employees. I was not involved in that area.

Mr. Epp: You have a tremendous amount of experience in the private sector.

Mr. Biddell: In certain areas.

Mr. Epp: In certain areas. Given the circumstances, do you find this settlement unreasonable? If you prefer not to answer, I am not trying to put you on the spot. I am trying to be helpful.

Mr. Biddell: In the light of the circumstances, I do not find it unreasonable, but I do not profess to be an expert in this area.

Mr. Epp: Okay.

Mr. D. W. Smith: As a supplementary, I want to clarify this in my mind. I am going to ask a question of Mr. Foley because he compared his position to the same position at Stelco. Does the severance package you received come from government funds or does it come from the company that bought UTDC; that is, the Lavalin and UTDC fund? Where does this severance package come from?

Mr. Foley: As best as I am aware, the cheques were written on the old corporation's bank accounts, so the funds would have been paid out of UTDC Ltd., not out of UTDC Inc. which is the Lavalin company. It would have been the old company.

Mr. Hobbs: The old company, Mr. Smith, is not government funds. It operated on a basis of revenues in for sales and expenditures out for what was produced. The only link with the government was in terms of the profits that came in over the past two years. It is out of the corporation's account, not the government's.

Mr. D. W. Smith: Okay.

Mr. Epp: Let me clarify that, Mr. Hobbs. To be fair, if the revenues in were less than the expenditures out, then in actual fact the government subsidized it. If it was short of funds the government had to make up the shortage.

Mr. Hobbs: Yes, if it was in a deficit position.

Mr. Epp: Which it often was. The government put in \$163 million.

Mr. D. W. Smith: Was your severance package part of that funded liability or did it come from an unfunded liability reserve? You said a reserve was set up to cover pensions, severances or whatever.

Mr. Foley: No. It would have been from the general operating account. In the sense that I think you are using the words, it was an untrusted amount. It was simply an operating expense.

Mr. Epp: I want to get back to UTDC and the sale thereof. Mr. Hobbs, in July 1986 you indicated that on the basis of the existing contracts, you anticipated that revenues of \$380 million would accrue to UTDC and that there would be expenditures of about \$360 million. I think I have my figures right. You would make about five per cent or \$20 million.

Mr. Hobbs: I said that at the time certain revenues were still to be collected. There were certain expense calculations. These things change over time. In addition, in overall terms we are going to have to be in a position where we will be talking about the warranties, the guarantees. They are going to have to be taken into account and dealt with over two years. That comment was very limited in time. The bookkeeping and balancing are going to have to take place as we deal with warranty problems that may crop up. We do not know at this time.

Mr. Epp: Something like a moving target?

Mr. Hobbs: It is a moving situation.

Mr. Epp: I appreciate that. To what extent has that changed?

Mr. Hobbs: I cannot give you an answer right now. We are in the process of discussions with Lavalin as to what happened at the takeover time and we are trying to balance things out to see where we are.

Mr. Epp: I want to look for a moment at the real estate, the inventory, the machinery and the technology we have. In looking at Thunder Bay and Kingston and comparing those two sites, I was in Thunder Bay when we had the tour in the spring or early summer and I noticed that the plant was about 50 or 60 years old, if not more. To what extent did that lack of modernization necessitate the sale of UTDC? In other words, suppose you had had a very modern plant in Thunder Bay, as you did in Kingston although the plant in Thunder Bay was much larger. To what extent was that part of the rationalization for selling UTDC?

Mr. Hobbs: I do not think it was a major component in terms of the decision to sell. The decision to sell was based on an assessment of where UTDC was in the world marketplace, of what would be required for it to continue to be successful and of Ontario's exposure as UTDC got into

increasingly international markets. The feeling was that the potential for UTDC in the future in capitalizing on some of the international markets, even though it had been successful to date, lay in combining the technology UTDC had with the worldwide engineering experience of Lavalin, and that put together, it was a good team. That was one of the major assessments.

The other issue was that when you get into international markets, there are different legal systems. If you go with local contractors and what have you, you get into a situation where the government may be bonding on the basis of a subcontractor who operates under a different judicial system. This exposure was going to increase in the future. In terms of UTDC and Lavalin, a question was asked in our estimates on the same topic of needing government backing. The fact is that we have opted out somewhat in terms of the international markets. That is where the federal government has some major programs and can provide some backing.

12:00

Mr. Callahan: Can I ask a supplementary, Mr. Epp? Can I assume that the endeavours throughout were to try to make the best deal possible but also to ensure the viability of the continuing company to protect the jobs of the employees as best you could?

Mr. Biddell: It was a fundamental concern to see that we had this activity continue in the province.

Mr. Callahan: Is it a fair statement that the negotiations would be a little different from selling a company where the vendor did not have that concern?

Mr. Biddell: I think we did the best commercial deal we could under the circumstances. There is no doubt that we all had in mind that we wanted to see this enterprise continue in the province. We put a clause in the sale condition, which was agreed to by Lavalin, whereby it is not in a position to close up these plants and transfer the business offshore.

Mr. Philip: May I ask a supplementary on that?

Mr. Callahan: Perhaps I can finish; just a second, Mr. Philip.

Mr. Philip: It is on this point.

Mr. Callahan: I am sure both you gentlemen have been involved in the sale of businesses. What I was getting at was that this would not have to be a concern of a vendor in, let us say, the total free market. You would obviously structure a different deal.

Mr. Biddell: You might or you might not. I think I would have attempted to structure the same sort of deal that was ultimately executed. I always had a concern and put in safeguards to see that to the best extent we could, we would keep jobs in this province.

I do not think our attempt to do so required us to take a lesser deal than would otherwise have been available because Lavalin is a very large Canadian company and has the same concerns as the rest of us. It wants to operate from here. There will be occasions when it will have to do some of the manufacturing work on some of the cars outside, and even license out the technology in part for some foreign projects. They are Canadians and that is

their track record. I felt we were dealing with an entity that was going to have the same sort of interest we did in preserving that economic activity and that employment right here in Canada.

Mr. Callahan: In that respect, I suppose taking back 15 per cent of the shares gives the province an opportunity to grow with that success.

Mr. Biddell: That was an element of it as well. As the deal indicates, at the end of 10 years Lavalin can take those shares out. If the thing is a success, and we certainly hope and expect it will be, we should do quite well out of this.

Mr. Hobbs: In addition, in terms of the decision, it was not a turning of our backs on the development of transportation and transit technology in Ontario. There are the continuing holdings in the new UTDC. There is the fact that we will have three directors on the board of the new UTDC. There is the fact that we have indicated this will continue. In the Ministry of Transportation and Communications, we have had expenditures in the research and development area, a program where we spend a certain amount of money every year on research and development in the area of transit and transportation technology.

As part of the deal, we have indicated that we continue, as we did in the past, to work with the new UTDC in the area of transit technology. The rider is that finally we will be able to determine where those funds go. It is not just a question of funds going to UTDC and our then determining, "This is in our interest." Through the combination of things such as that, there is going to be continuing involvement on the part of the government in transportation, and particularly in transit technology, in Ontario.

Mr. Philip: For the record, is it not a fact that with the so-called job protection guarantee, or as much as you can guarantee, the keeping of the company in Ontario was not part of the deal but was negotiated only under the pressure of this committee, which insisted that such a clause be put into the negotiations with Lavalin?

Mr. Biddell: I have never heard that before but I came on board only on April 25. In the details of the deal being discussed at that time, there was provision for sanctions against Lavalin if it let employment fall below a certain level, and those were continued, but I do not know whether they arose initially as a result of something this committee did.

Mr. Philip: As I recall the events, Mr. Kruger appeared before the committee, which impressed on him that it would be completely unacceptable to have any kind of sale that would involve the loss of jobs in Ontario. He admitted at the time that there was no clause, but that he would try to negotiate one, which was subsequently put in.

Mr. Epp: With respect to this, it might be helpful to have Mr. Kruger respond because he was intimately involved in the information Mr. Philip is seeking. Can we have Mr. Kruger answer?

Mr. Kruger: It is not quite accurate. Right from day one there were commitments by the government on the floor of the Legislature that the jobs were an essential part of the consideration. That is what was negotiated. That was always in the deal.

I recall the reference you are talking about, which was the question of the no-flip clause. I recall that this is where it came in. We had the five-year, no-flip clause and there was some question about after the five years. You yourself pressed that point. At the time, I indicated to you that we were interested in your remarks and would do all we could. As I read the deal now, it is extended from five and there are other abilities within the deal. That has been negotiated forward. That was the point you were making. As far as the jobs were concerned, the no-flip clause was always there. A fundamental precept of this deal was that the rationalization plan been forward by UTDC was to be maintained. It was one of the critical reasons that Lavalin succeeded over Bombardier.

Mr. Philip: The argument made was that any promises would be meaningless if Lavalin had the power to flip it over to Boeing or some other American-owned company and that unless you had a no-flip clause of some length, the jobs of workers would not be protected. It was only after members of this committee, particularly Mr. Foulds, Mr. Wildman and myself, impressed this on you, and you in your enlightened management style agreed, that it was built in. That was the protection.

Mr. Kruger: We had the five years. That is what I just referenced.

Mr. Philip: We argued that five years was not enough.

Mr. Kruger: That is what you argued. We said we would take the advice you had given. It was always in our mind. I admit that helped me enforce continued negotiations with Lavalin. There is no question about that.

Mr. Epp: Perhaps I can address this to Mr. Biddell. Getting back to the sale and to the contracts for which UTDC was responsible and had built up over a number of years, is it your feeling that having sold UTDC, the government benefited more by having the sale than by holding on to those contracts and trying to get whatever it might out of those contracts in the long term?

12:10

Mr. Biddell: The old company does hold on to those contracts. The major contracts that were in process have been retained and the final profit or loss on them will be for the account of the old company and, therefore, the government. Any new contracts will be taken by the new company. It was not practical to turn those old contracts, which were in progress, over to the new company. The new company would have been delighted to have them, but they wanted to take them on only at a cost-plus basis. They are going to be completing them for our account. We are going to make payments to them for the material and labour costs and a fixed amount for overhead and a fixed profit fee for completing those contracts.

Mr. Epp: I should have phrased my question a little better. That is my fault. With the expertise you are getting from Lavalin, will we be able to benefit from their expertise in completing those contracts, as opposed to having the limited expertise we had available to us before?

Mr. Biddell: In my opinion we will.

Mr. Epp: We will benefit from Lavalin with its added expertise.

Mr. Biddell: They are bringing that to the party.

Mr. Epp: Yes. That is understandable. I want to make it clear that the government and the people of Ontario are benefiting by it.

That is all for me. I know other members have questions. If we go into another session, I will have others but if we have completed today, which I would like to, Mr. Chairman, then I will finish my questioning now.

Mr. Wildman: On a point of order before I get into my questioning: I understand you are substituting today and I appreciate the work you have done, but I do want to remind the committee that Mr. Runciman has followed a 10-minute rule very carefully in this committee and has not allowed supplementaries in most cases. That is something we should return to in this committee.

The Acting Chairman: Mr. Wildman, I inquired about that when I took the chair and I was not informed of that.

Mr. Wildman: I am not being critical of you.

The Acting Chairman: I would accept that and if I were in the chair again, I would certainly enact it.

Mr. Barlow: You are the first 10-minute speaker.

Mr. Wildman: It has helped this committee in the past and I hope we return to that approach. I did not want to interrupt anyone else, so I waited until my turn to make the point. I hope it does not mean I have now only 10 minutes.

Mr. Epp: That is about all I used.

Mr. Wildman: It basically means that, though.

Mr. Epp: Mr. Wiseman, pardon me, Mr. Wildman, about all I used was my 10 minutes.

Mr. Wildman: I understand in your earlier comment about Mr. Wiseman you were using an adjective.

I would like to get back briefly to some questions of Mr. Foley. I will not go into anything at great length. Am I correct in understanding that the two-year agreement for severance basically means about \$375,000?

Mr. Foley: Yes.

Mr. Wildman: The deferred portion of your compensation over the years you were working is in the neighbourhood of a further \$250,000?

Mr. Foley: Approximately.

Mr. Wildman: Which you would have received anyway. It is not part of the severance package.

You are currently working with the new company on a contract basis. Is that correct?

Mr. Foley: At this point we are simply discussing a contract and whether I will be retained to be available to help them on certain of the aspects of it.

Mr. Hobbs: On an occasional basis.

Mr. Wildman: Sort of an on-call basis.

Mr. Foley: Standby.

Mr. Wildman: You are trying to negotiate now what the fee would be for such a standby? Is that accurate?

Mr. Foley: What relationship would exist.

Mr. Wildman: You do not know whether it will be on a consulting basis?

Mr. Hobbs: One of the major responsibilities of what we are now calling old UTDC will be to deal with warranty situations and claims. As I indicated earlier, given Mr. Foley's intimate knowledge of the contracts and what went into some of these arrangements, we feel it is to the benefit of the government to be able to utilize that expertise. As he said, we are now talking on what basis we would have him available, how we would do that. As I say, it is intended on an occasional basis when we would need his expertise and his knowledge of what went into some of those deals.

Mr. Wildman: At this point you are just negotiating that. You do not know what that relationship will be.

In the past, you also indicated you had a car allowance to go with your position. Was that a receivable thing or was it a regular amount that you received each year?

Mr. Foley: It was an allowance. It was a monthly payment in the sense that they declared an amount that was considered to be taxable income and you paid taxes on it.

Mr. Wildman: You did not submit mileage?

Mr. Foley: No.

Mr. Wildman: Am I correct in understanding that your income as the top executive in this corporation was in the neighbourhood of \$185,000 a year?

Mr. Foley: No, it was \$159,000. It was \$120,000 and \$37,000. It might have been \$122,000. It amounts to roughly \$120,000 to \$122,000 salary and the deferred compensation was the balance.

Mr. Wildman: I was including also the car allowance.

Mr. Foley: I see. I would not dispute that.

Mr. Wildman: I now want to turn to what this sale has meant for the other employees of UTDC. Earlier, we had some discussion about the 48-hour notice, or the suggestion that the nonunion staff people had 48 hours to make a decision on whether they wished to continue in their employment for the new company and whether they would accept the new package. I would like to look at what that package meant in terms of the changes.

Mr. Foley: Could I clarify one comment when you talk about the 48 hours? When the company was sold its assets were sold and all of its employees were, effectively, dismissed. I do not mean--

Mr. Wildman: No, I understand.

Mr. Foley: All these offers came from the new corporation. They did not come from--

Mr. Wildman: I was fully aware of that and I appreciate if you could confirm this. My understanding is that just as you are going to be able to roll into a registered retirement savings plan with pension packages, is that what is likely to happen with the employees of the new company who remain? Their old pension package will be discontinued and they will do what they will with the money, if it is possible to share it.

Mr. Foley: First of all, the union pensions will not be discontinued. They will be carried over.

Mr. Wildman: Because they are contract. I am talking about the nonunion staff.

Mr. Foley: On the nonunion basis, all of the pension plans will be wound up and the assets sold. Those assets will be distributed to the employees, whether they are employees of the new company or whether they are severed. They will be distributed to them. Lavalin has what it calls a money purchase plan as opposed to a benefit plan that operates on some sort of forecasted direct payout. Those employees that do go to Lavalin will be eligible to invest in that money purchase plan. The agreement calls for the employees of the new corporation to be given the same consideration in terms of tenure or years of service under that plan that they would have had under the old corporation's plan, but they will have to put their contributions in it to buy up that money purchase aspect.

They can equally decide they do not want to do that. They can equally decide that they want to put it in our own plan or do whatever they want with it. In addition to that, they will get a portion of the surplus when it is paid out.

12:20

Mr. Wildman: All right. In terms of other benefits, previously the old company paid 100 per cent of Ontario health insurance plan premiums. Under Lavalin, in terms of a family premium, the employees will end up paying about \$48 a month.

Mr. Foley: There are a number of areas in the benefit scheme where the existing Lavalin plans do not mesh totally with the previous plans of UTDC.

Mr. Wildman: There is also a dental plan. Previously, the old company paid 100 per cent. The Lavalin plan will pay two thirds and the employee one third.

Mr. Foley: That is only true for some of the employees. For instance, there was a dental plan for RailTrans, the corporation that operated the Can-Car Rail Inc. facility in the nonunion management and nonunion areas. With respect to UTDC Ltd., Metro Canada Ltd. and the Kingston-based corporations, there was no dental plan at all. To that extent, some of them have an improvement in that they have a dental plan and others have a loss in that the dental plan is not being paid 100 per cent.

The Acting Chairman: Excuse me, Mr. Foley, for a moment. Mr. Kruger has a meeting to attend at 12:30. If you have no questions of him, I would like to allow him to go.

Mr. Wildman: I do have some questions about the sale. It is okay.

The Acting Chairman: Thank you, Mr. Kruger.

Mr. Wildman: Previously, under the old company, the drug plan was paid 100 per cent. Lavalin will pay 100 per cent, but it is not as good a plan in terms of co-insurance, deductibles and so on. Is that correct?

Mr. Foley: The old plan with UTDC also had a deductible, but I believe the deductible under Lavalin is about \$50 less than it was under UTDC. There is no doubt there are differences in the benefits.

Mr. Wildman: Just to complete this, the old company paid 100 per cent of life insurance; Lavalin will pay only 50 per cent. For long-term disability, previously, the company paid 100 per cent and, under Lavalin, the benefits are not as good. Are they?

Mr. Foley: The length of disability--

Mr. Wildman: And the length of time.

Mr. Foley: There are some differences in how many weeks of eligible disability you have before you go on from short term to long term. In all those cases, there are differences in the benefits package. It was impossible to marry these identically. Even within UTDC, we had four different corporations and they had different benefit packages.

Mr. Wildman: The only point I am trying to make is that an employee who is facing a major decision on the future of his career not only has to decide in two days whether he wishes to continue working in a job that he probably enjoyed and would like to continue under new management and a new company, but he also has to take into account all the differences it will mean in terms of his income. In most cases, his benefits will be substantially less than they were when he was employed by the previous company. He has two days to make that decision.

Mr. Foley: I recognize and I know the letter you talked about with respect to the offer. It really asked for an acceptance within two days. However, in all cases, we discussed this with the employees. Our personnel department held meetings with them. We made available to those people to discuss--I personally, and I know Ken and others discussed this with a lot of the employees--what these elements were, how they related to them, what their jobs were and so on.

In many cases, they said: "We want more information. We would like to have some discussions on this." There was no pressure on them to accept. Dozens of employees decided they would like to have more information and more discussions before they accepted. Some looked at the offers and decided, "Yes, this is what I would like to do; I understand all this," and they signed up right away. With others, it was two or three weeks before they decided. There was no pressure that I am aware of in the sense of any intimidation or any threats that they must sign now or they would lose their jobs.

Mr. Wildman: You said, in making the decision, some of those discussions took up to three weeks. Were the employees given this type of information, that is, what their job titles would be, what their responsibilities would be, their location of employment and how the company was going to be organized?

Mr. Foley: The best answer I could give is that all those offers were made on behalf of the new corporation. If we look back at it, we might ask for more explicit information for each individual employee, but we and Lavalin tried to hold a number of meetings with employees. There are 1,800 employees and all this was happening very quickly. There was some reorganization, some requirement for Lavalin--

Mr. Wildman: Were there 1,800 nonunion employees?

Mr. Foley: No, 1,800 employees in total, but we have to address the union employees as well. They want to understand equally, so discussion with them was part of the process. In melding this corporation with its existing corporations, Lavalin had some reorganization to do. You can always look back at fitting two organizations together and say you could do it better. We would all concede there were some things learned and perhaps we could have done it better, but it is not fair to say anyone was intimidated in the process.

Mr. Wildman: Do you agree that some of the management people, perhaps many of the management people at the Thunder Bay plant, are undergoing their fourth takeover?

Mr. Foley: Yes, that is true. It is always disruptive. One of the reasons I strongly believed it was time this corporation should be sold was that Thunder Bay was an old facility in need of new products and modernization. The questions of risk were always inherent there. It has been disruptive to personnel. Having said that, the process was managed as best we thought it could be done.

Mr. Hobbs: There were only nine nonbargaining-unit employees at Thunder Bay who were either not continued or who chose not to go with Lavalin.

Mr. Wildman: How often was Hawker Siddeley bought out?

Mr. Foley: We bought once.

Mr. Wildman: You bought once. Did Lavalin?

Mr. Foley: UTDC was organized with a number of companies. I am sure everybody was always speculating what all these companies were about. It was always a question of keeping the manufacturing facilities as a separate entity so that if the government should decide to sell only the manufacturing facilities, it could. Therefore, RailTrans was the corporation that encompassed all the manufacturing facilities in both Kingston and Thunder Bay.

When the corporation was sold, as Mr. Biddell has said, the assets were sold. To sell the assets, the assets of all these companies had to be sold, and in that process, 100 per cent ownership of all those assets had to be acquired. When we purchased Hawker Siddeley in 1983, it retained a 20 per cent ownership in those manufacturing facilities, so that asset had to be acquired before it could be sold. That was what the acquisition of the RailTrans minority interest was about. Hawker Siddeley simply negotiated to sell the remainder, its 20 per cent. We had already purchased 80 per cent of those

assets back in 1984; we then purchased the remaining 20 per cent through the shares.

Mr. Wildman: The old company bought the 20 per cent the second time around.

Mr. Foley: That is right.

Mr. Wildman: What was the total Hawker Siddeley got for the 100 per cent from the two sales?

Mr. Foley: Hawker Siddeley was paid \$6.9 million in February 1984 and \$1.2 million for the shares now.

Mr. Wildman: We have heard a lot of figures and we are running out of time. I would like to know whether anybody can put a bottom line on it and tell me how much Lavalin is getting for purchasing this company.

Mr. Biddell: If you ask me to quote a dollar figure in response to that direct question, I cannot do it. Lavalin is not getting anything in dollars. Lavalin is getting the real estate, the equipment and the technology and a couple of hundred thousand dollars' worth of inventory. That is all Lavalin is getting in the sale transaction.

12:30

Mr. Wildman: They are handing over \$10 million.

Mr. Biddell: I am sorry. I was trying to deal with it specifically. That is what they got in the sale transaction. A second transaction was part of the overall deal. That was a transaction in which Lavalin agreed that it would do the work for us to complete the contracts that we retained, "we" being the old company. There was roughly \$400 million in work to be done. It was going to be done in the plants they purchased from us. That is the amount of the labour and materials going into the completion program.

We agreed with Lavalin that we would pay the direct costs, that is, the cost of the labour and the cost of the components and materials. We would also pay them a fixed fee, \$10 million, for doing the work and a monthly allowance for overhead that they would incur in doing the work. That overhead was \$2.75 million a month, which was to go for 18 months.

If they do not complete the contracts by the end of the 18 months--and it is highly doubtful that they will--they will have to pay their own overhead from there on and will not get any reimbursement from us. We paid them a fixed amount of overhead and fee. We are going to be paying the actual amount that they incur in doing our work for us in completing those contracts.

Mr. Wildman: Is it true that about \$27 million is being transferred to Lavalin in exchange for the deal?

Mr. Biddell: No. I do not know what you are talking about. I would have to know what you were talking about in that \$27 million.

Mr. Wildman: Lavalin pays \$30 million, right?

Mr. Biddell: That is correct.

Mr. Wildman: It gets back \$27 million of assured profit, right?

Mr. Biddell: No. That is wrong. I do not know what you are talking about in the \$27 million. If you could describe it in greater detail, I might be able to assist you.

Mr. Wildman: We are running out of time; in fact, we are out of time. The problem I have is that I am still trying to find out the bottom line. We get all these figures pushed around. I want to know how much Lavalin is getting to persuade it to purchase this company. That is exactly what is happening.

Mr. Epp: I may be helpful. I thought Mr. Biddell explained that earlier when he referred to the \$10 million.

The Acting Chairman: Mr. Epp, I did not give you the floor.

Mr. Wildman: If anybody can give me a bottom line, I will be happy. I do not want to go through all the figures again. I just want to know what the bottom line is. How much is Lavalin getting? If \$27 million is not right, what is?

Mr. Biddell: Lavalin got the assets it purchased. The monetary payments that Lavalin gets are the fee and the fixed overhead allowance for completing our work on the contracts, which must be completed come what may. That is a separate transaction from the purchase price.

Mr. Wildman: Okay. Give me the two figures.

Mr. Biddell: I will give them to you again. Lavalin pays us \$30 million, and what it gets for that are the plants at Thunder Bay and Kingston and what the plants contain in equipment and so on, a small amount of inventory and all our technology. They give us \$30 million for that package.

Mr. Wildman: Of which they retain \$20 million.

Mr. Biddell: They pay us \$10 million of the \$30 million in cash, which they have done. The balance, the \$20 million, they do not pay us for 10 years. Lavalin itself guarantees that it will pay that \$20 million at that time. As income on the \$20 million, we get 25 per cent of whatever pretax profits they earn in the new business during those 10 years. If there are no profits, we do not get any income.

Mr. Wildman: What is the value of the asset transfer? What evaluation did you have?

Mr. Biddell: They were looked at by Wood Gundy and others. The physical assets, that is, the plant and equipment, were valued at something less than \$20 million.

Mr. Wildman: So that is one deal.

Mr. Biddell: That is one deal.

Mr. Wildman: How much is the other deal, for carrying out your contract, worth to Lavalin?

Mr. Biddell: As a fee, \$10 million. Now, they are going to incur and pay all their own overhead involved with those contracts. We do not know what that will be, but we are paying them \$49.5 million, that being 18 times \$2.75 million a month, as a contribution to their overhead. If their overhead is less than that, they will make a profit on it. If it is more than that, they will take a loss.

Mr. Hobbs: But overheads on the contracts would have been incurred if the government had retained those contracts and completed them itself.

Mr. Wildman: I understand--

The Acting Chairman: Mr. Wildman, I am going to stop here.

Mr. Wildman: I understand it from their point of view. I am just trying to understand it from Lavalin's point of view. This is not a bad deal for us.

The Acting Chairman: No. It is 12:30 p.m. I will give you some options in just a second. First, I would like to thank the gentlemen for being here today. It is 12:30 and my colleagues and I have to go for lunch because we have to go up to the House at 1:30 p.m. with the new hours.

I will ask my colleagues on the committee, is it the committee's wish that we are finished with questions related to the Urban Transportation Development Corp.?

Mr. Philip: I do not see what value there would be at this time in bringing them back. Unless in the fullness of time something dramatic happens and we require them back, I do not see any requirement, at least before Christmas. I wish Lavalin a very merry Christmas.

Mr. Gillies: I concur, Mr. Chairman. I did put the bulk of my questions this morning. If we have some more to ask some time in the future, I am sure the gentlemen will make themselves available. I thank them for their appearance.

Mr. Epp: I also concur. I understand that we are finished with the UTDC matter, just to keep the record straight, unless some new information comes forward. Otherwise, I thank you very much.

ORGANIZATION

The Acting Chairman: Thank you again, gentleman.

There are a couple of matters for the committee to clear up quickly. Could we have a motion to approve the supplementary estimates?

Mr. Gillies: I have reviewed, as I am sure other members have, the breakdown of the supplementary estimate which is the fee for the counsel for the Caplan inquiry. I am satisfied that the invoice is appropriate. I am also convinced that the committee got good value for the money expended, especially compared to the millions of dollars being spent on the Sinclair Stevens matter.

The Acting Chairman: Mr. Gillies moves acceptance of the supplementary estimates. Any questions? All agreed?

Motion agreed to.

The Acting Chairman: The next meeting will be at 10 a.m. next week. We will then be dealing with Mr. Philip's motion regarding the Industrial Accident Prevention Association and Mr. Gillies's motion, which he placed this morning. We will also begin the review of the pension severance of the clerk. Our first witness, I have been informed by the clerk, will be Mr. Carman.

Mr. Epp: Just so there is a clear understanding: If Mr. Carman is not available, I presume we will go ahead with someone else.

The Acting Chairman: I assume that is correct, Mr. Epp. Thank you for being such an easy committee.

The committee adjourned at 12:40 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

SAFETY ASSOCIATIONS
RENTAL HOUSING LOAN

THURSDAY, NOVEMBER 6, 1986

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Barlow, W. W. (Cambridge PC)
Callahan, R. V. (Brampton L)
Davis, W. C. (Scarborough Centre PC)
Epp, H. A. (Waterloo North L)
Mancini, R. (Essex South L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Martel, E. W. (Sudbury East NDP) for Mr. Wildman
Pollock, J. (Hastings-Peterborough PC) for Mr. Barlow
Villeneuve, N. (Stormont, Dundas and Glengarry PC) for Mr. Pope

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witness:

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, November 6, 1986

The committee met at 10:10 a.m. in room 151.

SAFETY ASSOCIATIONS

Mr. Chairman: I guess we have enough bodies here to get under way. I call the meeting to order.

Mr. Philip: As you know, some time ago I moved a motion in this committee calling for an inquiry into the spending of more than \$13 million by an organization known as the Industrial Accident Prevention Association.

At that time, I made allegations that there was squandering of money and lack of evaluation at a time when all this money was being spent with very few results being seen; on the contrary, accidents were on an increase rather than a decrease in this province.

I made a number of other allegations, and the committee saw fit to concur with my proposal that there be a completely independent inquiry into the IAPA by the Provincial Auditor. The Provincial Auditor concluded, among other things, that the association's practices had deficiencies with regard to travelling and hospitality expenses, purchasing procedures, controls over movable assets and inventory literature and that there was no adequate mechanism in place to measure the effectiveness of the association.

I was pleased that the allegations that my colleague Mr. Martel and I made against that association were confirmed by the independent audit of the Provincial Auditor. It is safe to say that the staff of the IAPA gave an abominable performance; they did not know how to answer questions, and no one was at the helm of a rather leaky ship, to say the least.

However, I was concerned that at the end of that they would go away and say, "They have had their pound of flesh and quart of blood and it is back to business as normal." That would be very unfortunate. It seems to me there are a number of things that have to be done at the IAPA, the first of which, or not the least of which, is the firing of certain staff members.

My colleague Mr. Martel and I sat down and prepared this 20-point motion which can serve as a basis for the committee's report on our inquiries into the IAPA. I have always contended that while it is fine for this committee to have inquiries into the misappropriation and misuse of public moneys, if those inquiries simply mean a letting of blood, we do very little for the taxpayers. What has to happen in this committee is that we make specific recommendations that can be implemented to avoid a further squandering of the tax dollar.

We are talking at the moment about something that involves people's lives, their careers and their ability to perform a job for which they had been trained. It is fairly clear to me, after hearing the testimony of the IAPA and comparing it with some of the other safety associations that came out not nearly as bad, that there needs to be an overall change in the direction of this government, in the way in which the Workers' Compensation Board monitors and exercises influence over the IAPA and in the way in which funds are distributed for safety training.

As I say, there are 20 items. One of the items I was most concerned about was the lack of any sort of fiscal control on this organization; this motion provides for that kind of fiscal control. One of the other areas I was most concerned about was the lack of scientific evaluation about how much bang they are getting for their buck; this deals with that. A third item I was concerned about was the squandering of massive amounts of money on yearly conventions when that money could be better spent training in the field at local seminars; this elaborate motion deals with that also.

My colleague Mr. Martel was very concerned about the lack of women represented at any of the higher offices of the IAPA, the lack of union and worker input into the IAPA, the lack of training of both employers and workers in exactly what the act says, what their rights are and what their obligations are under the act and the tremendous contrast between the money given to this rather fat organization whose elected officers, I thought, were well-meaning. I am not sure I could say as much of some of the staff. But there is a tremendous contrast between that and what is being given to bodies such as the Ontario Federation of Labour to do training of people in the work place--the workers who are losing their lives, the workers who are losing their fingers and the workers who are becoming cripples in the work place.

We therefore prepared this 20-point motion. I hope the members will consider it carefully, and I hope it will receive unanimous consent and be the basis of our report. Some members may wish to add to it other points which perhaps we have not covered. It is a fairly comprehensive motion that could serve as the basis of policy for the Workers' Compensation Board, the IAPA and the Ministry of Labour.

Mr. Epp: I do not think it is any secret that everyone who has served on this committee and looked at the Provincial Auditor's report on the IAPA is somewhat aghast at some of the things that were going on there. I do not think it is a secret that they have, without any moderation, attended conferences in Canada, North America and outside of North America, taking their spouses with them and charging the IAPA for those expenses. This committee and this Legislature are not very enamoured by those kinds of actions. I do not think it is any secret that the members of this committee would very much like to see some new direction at the IAPA.

10:20

I am not going to be an apologist for IAPA. On the other hand, as legislators, we have to show some discretion in what we do and what we try to accomplish. When we keep using that word "blood," it reminds me of "bloodsucker," and I do not want to be a bloodsucker as a legislator in this province. I get the idea that one of our members wants to be a bloodsucker, because he wants to get every ounce of blood out of that organization that he possibly can. I do not want to be associated with that.

Mr. Philip: On a point of order, Mr. Chairman: Is Mr. Epp referring to myself or to Mr. Martel as the bloodsucker?

Mr. Chairman: That is not an appropriate point of order. Mr. Epp, please continue.

Mr. Epp: I did not mention any names.

Mr. Philip: If you are calling somebody a bloodsucker, you should at least have the courage to name the person.

Mr. Chairman: Order, please.

Mr. Philip: I can accept it if you say both of us, in which case we can deal with it.

Mr. Chairman: Order. Mr. Philip, do you want to be recognized later on today?

Mr. Epp, please continue.

Mr. Epp: The motion before us is very complex. It is all-engulfing in the sense that it tries to cover a lot of aspects. A lot of the things are not clear as to what we should or should not do. It is very discriminatory. It is very discriminatory against one person. It tries to single out one person and have the person fired, which I do not think is the purpose of this committee.

If we want to give instructions about an organization cleaning up its act, having a change in personnel and so forth, that is one thing. I do not think it is our purpose as legislators to tell any labour organization that receives money from this Legislature or any other organization, be it the IAPA or any other safety organization, that it should or should not fire one person.

If that person is directly in the employ of this Legislature, that is one thing. The fact that the organization receives funds and has its own board of directors, which is constituted under an act that gives it that authority by this Legislature, is another thing. Therefore, I do not think we should try to discriminate against one person, despite the fact that I think personally some real changes in personnel have to be made. I have never denied that; in fact, I suggest they should. However, I do not think it is our purpose, as members of a House where legislation is passed, as a Legislature, to pass that kind of motion.

I do not think we should discriminate against downtown hotels. I do not think it is up to us to say the Royal York or the Four Seasons should not be the site for a conference or something of that nature.

Mr. Philip: It does not say that. Where does it say that?

Mr. Martel: You are groping, Herb.

Mr. Epp: Mr. Philip, it says here, whatever point it is, they should not have their conventions and so forth in downtown hotels.

Mr. Philip: It does not say that at all.

Mr. Callahan: It is point 15.

Mr. Epp: It says, "That the practice of organizing expensive annual conference in downtown Toronto hotels be discontinued as such an event cannot be justified in terms of previous years"--

Mr. Philip: What it says is that you do not run a yearly boondoggle. That is what it says.

Mr. Chairman: Order, please. Mr. Philip, we will let Mr. Epp finish his comments, and then you will have an opportunity to respond in the fullness of time.

Mr. Philip: It is perfectly in order. If I am being misquoted, I like to correct the record.

Mr. Chairman: He is giving his opinion, and he is entitled to do that without interruption.

Mr. Epp, please continue.

Mr. Epp: Thank you. It is my feeling that if people want to pay fees and attend a convention, and if they want to go to an expensive hotel, it is not up to me to say they cannot go to an expensive hotel. I do not think that kind of discrimination should be employed, so I have real difficulty with supporting that.

We can get into the individual sections, but there are a number of other areas where it is my feeling and the feeling of my colleagues that we cannot support it because it duplicates the efforts that are already going on in the government. Therefore, we would very much like to see this broken up and the 20 or so clauses voted on individually rather than as one resolution. If it is going to be voted on as one motion, we would have to vote against it because of some aspects of it.

Mr. Gillies: It became very apparent in this committee in recent weeks, if we did not already know it--most of us did--that the Industrial Accident Prevention Association is in need of reform. There have been inadequate controls on its spending mechanisms, some of its management practices could be called into question, and the delivery of some of the services it has an obligation and responsibility to supply is in question. Therefore, it is timely that our committee express its strongly held view, a view all of us hold in general terms, that something has to be done and that there has to be reform.

Of the 20 points put forward by my friend Mr. Philip, there are 16 on which he has the unequivocal agreement of our caucus, there are two about which we have questions, and there are two we feel we may have to oppose. However, we agree with the overall thrust of what he is trying to do. And while I hope I never have this quoted back to me at election time or something--

Mr. Mancini: You will now.

Mr. Callahan: You are making the pitch now, Phil. You have to face it; they are watching. Do not say it, Phil.

Mr. Gillies: In fairness, I have to say that no member of this assembly, for years before I was ever here and since, has been more dedicated in reviewing these types of questions in the whole area of occupational health and safety than our friend the member for Sudbury East (Mr. Martel). He deserves our congratulations for focusing this issue and, in his own inimitable fashion, ensuring they are dealt with adequately so that nobody wiggles off the hook.

Having said that, the way to do it may be to vote on the 20 individual clauses--

Mr. Philip: That is acceptable.

Mr. Gillies: Let me put my thoughts forward to my friends opposite.

On point 1, the funding devoted to organized and nonorganized workers, I do not think we have any problem with that as long as it is clear in the wording that such funding, in my opinion, should come by way of a grant from the Ministry of Labour. In other words, I do not think there should be a diversion of funds through the dues paid to the Workers' Compensation Board, for a couple of reasons. First, some employees would argue, "Those are our dues, and they should be going towards the organizations over which we have some control." Some members of the assembly share that view. I am open to that argument.

The other point is that I would not want, by misinterpretation, the amount of funding now going into this area being split by a government that takes our recommendation and says: "They think it should be equal funding. We will take what is going there now and divide it in two." I do not think that is what you are after, and it is certainly not what we are after. Therefore, if there were a reworking of point 1, we could support it.

We would have to oppose point 2. I do not want it to be construed as anti-worker in any way. I just do not think, nor do my colleagues, that such clinics should be controlled by workers or employers. They should be controlled by the experts and the responsible people in the field whose obligation it is to provide that type of service.

Point 9 is the one on which I would have to express sentiments similar to those put forward by Mr. Epp. I would be comfortable with a reworked point 9 saying there should be a review of management and the results of the review should be taken under advisement by IAPA. I have no problem with that, and requiring such a responsibility is well within our scope of responsibility as a committee.

10:30

I do not think it is the job of our committee, though, to say the general manager should be fired. We can express reservations about management, but such a recommendation should more properly come after a formal personnel review of the agency, which could be undertaken.

In number 15, again, we were concerned. During the hearings, we heard of rather questionable spending in a number of areas such as travel and conferences and so on, and we all were very concerned. But it is not the job of our committee to tell an organization where to hold its annual meeting. I would no more want to do that with the Industrial Accident Prevention Association than I would presume to tell the Ontario Federation of Labour where it should hold its annual meeting, whether it should be in a downtown Toronto hotel or anywhere else.

We all think the management controls should be there so that the most lavish facility available would not necessarily be used for such a conference, but if we could rework number 15, we would not have any problem with it.

There is absolutely no question about the other 16. These are moves towards reform which we agree with and which we would support. I just raise reservations about those four.

Mr. Martel: As far as I am concerned, numbers 1 and 2 are the most important of the whole piece. Quite frankly, the IAPA, as well as the other organizations, was given a mandate to teach occupational health and safety and has been a complete bust, in my opinion.

It does not work with labour; the Construction Safety Association of Ontario might to some degree. The IAPA does not at all. I do not care how Mr. Findlay or anyone else tries to put it, the IAPA does not work with labour one jot.

The thing that has frustrated me--lo, these almost 20 years--is that the accident rates continue to escalate at a time when tremendous amounts of funds have been provided, not to protect those who get hurt, but to management or its cohorts in the various associations.

I hope I can convince my friends to change their position on numbers 1 and 2. If one does any work in the field of occupational health and safety, the drawback is that management--not all, but much of management in this province yet--has people who are fighting occupational health and safety, and vigorously.

One only has to look at the number of accidents: a 24 per cent increase last year; a 24 per cent increase the year before; in construction in the first six months of this year, a 16.7 per cent increase. Those various organizations have been given a mandate to do one thing, I say to my friend the member for Brantford (Mr. Gillies), to teach occupational health and safety.

They are not putting their money into health and safety. You heard them say quite categorically that Bill 70 is not the tool to reduce accidents. I made Mr. Sylvester from the Construction Safety Association repeat it at least three times. One has only to go back to Hansard to check it out. The head of the Construction Safety Association said Bill 70 is not the tool to reduce accidents.

If that is the perspective of management after 60 years, how can we want to share clinics with them? The whole Domtar fiasco of the past three weeks should be enough to indicate to my friends why I want worker-controlled clinics. Who is getting hurt and who is getting sick in the work place? Is it the people who are receiving the money to teach occupational health and safety and to protect the workers or those on the other side? Is it not strange that the people who are getting the money are those who are not getting hurt and who are not getting sick?

You wonder why I want them worker-controlled. How can I, as a worker, listen to Dr. Muir who compares me to Senator Joseph McCarthy? He said in one edition of a newspaper, "I cannot side with the workers because I lose my neutrality." Then he has to call a press conference to admit that he has met with the company on the sly. He calls it a technical error. He meets with the company on the sly and rewrites the whole report. He does not examine one sick worker. He tells the news media he got the approval from the two doctors who did the original health testing and we find out that the two doctors who did the original testing refused to sign the report he wrote. He downplays the number of sick workers from 45 out of 74 to 15 out of 74.

Those are the people who are dying of cancer in the work place, the workers. It is management that has resisted occupational health and safety. Why are we not prepared? There are four clinics operating on a shoestring in this province that cannot get a cent of funding. They are the only people who are out there in opposition to management. I know the cry will be, "We do not want to have opposition." That would be fine if we had a system where management had shown over the years that it was not reluctant to have health and safety in the work place.

The Windsor Occupational Safety and Health Council exists because of the United Way in Windsor. By the way, the Windsor-Essex area has the highest number of illnesses and accidents in the province. They do not have anybody to whom workers can go and get checked out. With all these carcinogenic substances, there is a 20-year latency period. Before you find out you are getting sick, you are dead. We do not have the expertise.

I was involved in the sintering plant in Sudbury where we have 125 dead now. We could not get a doctor in Sudbury to help us. Not a single doctor would help us in Sudbury, not one. We had to get a Dr. Cecilioni in Hamilton. Thank God for him. His colleagues said he was crazy, he was a crackpot. Ultimately, we are getting benefits for those spouses but I do not want benefits. I want to reduce the number of people dying from carcinogenic substances in the work place.

In his last report, Weiler said we recognize one out of 30 cancer cases in the work place that occur because of exposure to carcinogenic substances. My doctor friends in the health field say: "Wait a minute; that is the figure but it is really much higher. It may be one in 60 that are recognized."

If WOSH does not have any funds to hire a couple of doctors so we can do the testing, whether it be asbestos where we had an epidemic and where there are three workers a month dying in Elliot Lake now. There are three miners dying from lung cancer in Elliot Lake. We knew about cancer from the uranium industry as far back as 1919. The people in the medical field today tell me we have known for 40 years about most of the illnesses that occur in the work place.

Workers do not have the ability to employ the experts to do the testing or write up the proper medical documentation which, once and for all, will see workers having the right to say: "No. It is awful in the work place."

10:40

You have the London occupational health group going down the drain. I know the one that bothers everybody is Stan Gray's clinic in Hamilton. He has caused more problems. But who brought out the de Havilland situation? There have been 53 ministerial orders up there this year. The workers are sick. There are American Can, Domtar and Stelco. I ask you to look at who is on the boards everywhere. There is the industrial disease panel. Do you know who the vice-president of that panel is? It is Dr. Muir. Do you know who rewrote the report on the Domtar workers? Dr. Muir. You wonder why I want it to be independent and worker-controlled. Do you know who is the chairman of the Advisory Council on Occupational Health and Occupational Safety? It is Dr. McCalla, the vice-president of McMaster, under whom Muir works, and they are trying to fire the two doctors who did the work at Domtar.

I raised this during the minister's estimates last year. He can pretend he did not know but I ask my friends to go back to Hansard of December 12. I stated then that they were trying to fire the two doctors. I talked to the minister in September and told him I would not tolerate interference with those two doctors because, surely, they have the right to do their clinical work in any fashion they want. If they take on a company where 45 out of 74 workers are sick, so be it. Who else is going to protect the working people?

I could go on all day. I will tell you how crazy it is. I received a letter yesterday from the union representing the government inspectors. Do you know what that letter says? It is to the Minister of Labour (Mr. Wrye). There

is a ministry inspector who has been sensitized to isocyanates and there is a ministry inspector who has been sensitized to solvents. The Ministry of Labour did not even protect its own staff.

If I ever wanted a motion passed in my entire existence at Queen's Park, it would be points 1 and 2 as is. I say to my friend Mr. Gillies, I hope he will reconsider his position on number 1 because the assessment at the Workers' Compensation Board is based on the accidents. Surely, the general taxpayer should not be the person responsible for payment of moneys to teach health and safety in the work place. That is the responsibility of management. They are not their funds. Once they are there and accumulated, they are public funds.

The Ministry of Labour, and my friend knows that, will never have \$25 million to throw at any group of organizations. The funding is not available in tough economic times. While we are on a bit of an upswing now, that is not always going to be the case. Surely, the people who are responsible and intimately involved know it. This is where the funding should come from to establish clinics. They are getting \$31 million out of that fund. There is \$31 million for those who do not get hurt and \$1.7 million for those who do. Surely, the funding to establish the worker-controlled clinics should come from there. The only province that funds one is Manitoba. It has a worker clinic funded by the government to test workers.

It is so bad that we know 330 carcinogens are in the work place now, but 500 new substances are coming on the market every year that are not pre-tested. How do we protect them?

Look at the farmers; I have listened to their association say there is nothing wrong with the chemicals they use, whether herbicides, pesticides, or other things. Farmers have said to me, "There is nothing wrong with that." That is baloney. Look at the Workers' Compensation Board. One of the groups ravaged the most is the farm community. They do not believe it yet. The only way we are going to be able to reach them is to teach them, so when they start to get sick, they can go some place.

I would like to see four or five clinics around this province, maybe one to deal with manufacturing, one with chemicals, one with the farm community and one with mining, so that people could go and be tested by doctors who were hired by that clinic and by hygienists and people who could write up the medical documentation precisely. I have been involved in at least three of these: Elliot Lake, Sudbury and, to some degree, Manville, although not as much. We did not have a doctor to help us locally. We flew by the seat of our pants. Go back and check Hansard. We were accused of being irresponsible and too rhetorical. We had no one to help; that is the problem.

You have to really want to help working people right across the field. That includes office workers, because there are all kinds of illnesses in offices now. There are all kinds of illnesses in schools and universities. Some of the worst work places are hospitals and schools. Are you aware of that? They have some of the worst accidents and some of the worst illnesses.

If you want to look at accidents, look at nursing homes and the statistics on the number of assaults on female staff in nursing homes. Because we have emptied out psychiatric units, the patients have had no place to go and they are ending up in nursing homes. The number of assaults on female staff is astronomical. Nurses have now reached the same percentage of back injuries as miners.

It is everywhere. I know some of my friends will say the Ministry of Labour is going to do it; it does not have the capacity. It is too big a job. We must have clinics. We have to be teaching people to try to reduce accidents, and we must have places where the testing and the analysis can go on free from any interference.

To my friend, my attack on the Industrial Accident Prevention Association was not to get at the IAPA. I could not care less about them. In my opinion, they have been totally useless for 90 years or 70 years or whatever their existence has been. They have been totally useless--totally, completely. My concern is with points 1 and 2, to try to find the mechanisms whereby we can protect people and reduce accidents. I remind you there were 425,000 last year.

I will conclude by asking you to vote for this one, because it is not the bosses and the owners who are dying and getting hurt; it is the workers. They are the ones who are getting only \$1.7 million, when management, which does not get hurt, gets \$31 million. I urge my friends to take a look at recommendations 1 and 2 so we can protect people from the devastation they are exposed to constantly.

10:50

Mr. Chairman: We have two more speakers. There seems to be an agreement that we can deal with these on an individual basis. Obviously, there will be debate on some of them individually; so perhaps we can conclude the general discussion with the next two speakers, Mr. Callahan and Mr. Pollock.

Mr. Callahan: Very briefly, Elie, what you say concerns all of us, because the workers of this province are entitled and have a right to be protected. The difficulty I have with point 2 is two-fold.

First, there are so many new things coming out today that if you have them spread around and each person tries to decide whether they are safe or unsafe, you are likely to get such a loose arrangement that people will be running at it from five different directions. Trying to come up with an immediate, concerted, concentrated answer to protect workers from the results or the effects of those chemicals or whatever would slow down the process.

The second aspect is that, to take the example of litigating a motor vehicle claim, an insurance doctor will want to look at the injured person and then the litigant will have his own doctor look at the injured party. Supposedly, the examinations are being done in a professional manner, without any prejudice or any predisposition; but many of those wind up going into litigation simply because one party does not accept the expert of the other party. In a sense, that is why the occupational health clinics are representative of the entire community. When they make a decision or come down with a response, it will be one in which no one party will be able to point its finger and say they are prejudiced.

Mr. Martel: There are none.

Mr. Callahan: As I understand it, they are important in terms of being looked upon as not running the course for labour or for management.

Mr. Martel: But there are none in the province.

Mr. Callahan: You are anticipating that they should be worker-controlled clinics.

Mr. Martel: Yes.

Mr. Callahan: If worker-controlled clinics were set up, they would bear the hallmark of being suspect. I do not think we would be advancing the cause of the workers one iota. We would also be spreading the whole position thin and not having the resources concentrated in a single area to try to arrive at the swiftest investigation of the various things that are coming on the market every day. By doing that, we would be watering it down.

We might be creating what Mr. Martel is concerned is not there now. We might be creating it quickly, but I have always been a firm believer that if you jump into a breach and try to deal with it in a--I do not like to use the word "Band-Aid," because it is not appropriate with reference to the concerns of Mr. Martel. If you try to deal with it on a patchwork-quilt basis, you will not get the best concentration on the question of the dangers of particular types of chemicals or what have you. Neither will you get the benefit of it being viewed as independent and therefore respected by all members of the community in terms of how we deal with it or how we compensate workers.

That is all I have to say. I can understand Mr. Martel's excitement and his wish to see us get on with it, but I think to take that step at this point would be counterproductive.

Mr. Pollock: I am concerned about point 2, worker-controlled clinics, and I would like to put this on the record. As recently as Monday morning, I happened to go out to my farm operation. I have two employees, and one was there running an acetylene torch without a set of safety glasses on. Anybody who has ever run an acetylene torch knows safety glasses are almost a must. If you get one chunk of hot slag in your eye, your eye is gone. All you have to do is look at a pair of acetylene torch welding goggles and see the pit marks in them to know that is a real concern.

The minute I saw him, I told him he should have on the safety goggles. He was as nonchalant as anything; he could not have cared less. Because he did not stop right then, I got a little hostile and told him that if he lost an eye and the Worker's Compensation Board started to investigate, I would be the guy who would get hell for it. As I say, he did not care too much about it. Therefore, when you come up with this lingo about having worker-controlled boards on which they are the only ones who have a say, I am totally opposed to it.

I agree there should be some way for management and the workers to have a say in something such as this, but it should not be totally workers or totally management. That is just the tip of the iceberg. When you have an operation where you are not around keeping an eye on things, there are all kinds of shortcuts. They think I am some old fuddy-duddy who does not believe in getting the job done, wants to put in the time and that sort of thing.

I am certainly concerned about a worker-controlled clinic. I do not believe managers and employers are unconcerned about their employees. They would not have them if they did not need them. I think it is very important that you have both management and the workers sit down together. I just wanted to put that on the record.

Mr. Chairman: Do you have something new to add, Mr. Gillies?

Mr. Gillies: Yes. By way of suggestion, a couple of us just had a chat. We appreciate the importance of recommendations 1 and 2, and that concern is expressed by a number of members of the committee. We feel that could be worked out if we had a little time to try to rework 1 and 2 with Mr. Martel and Mr. Philip. I therefore suggest that we proceed with voting on the other 18 recommendations and perhaps next week or as soon as possible we come back and deal with 1 and 2. The others can be dealt with rather expeditiously.

Mr. Philip: That is a constructive suggestion. I will therefore move the adoption of section 3.

Mr. Epp: Before you do that, may we have a ruling by the chair or a public consensus that we will deal with each of these on an individual basis?

Mr. Philip: We agreed to that earlier.

Mr. Chairman: I had that impression. Each party indicated it had no problem with it.

Mr. Epp: Okay.

Mr. Philip: Number 3, that the Industrial Accident Prevention Association spending and management controls be monitored more scrupulously by the Workers' Compensation Board on an ongoing basis.

Mr. Martel: I suggest there might be a faster way. There is consensus on almost all of them from recommendation 2 down. Why do we not deal with the ones to which there is some objection to see what members want clarified?

Mr. Philip: For the sake of those people who are viewing these proceedings, it is important that they understand which items are being voted on. It does not take that much extra time to read each item and have a vote on it, even if it is simply a voice vote that is unanimous. Is item 3 agreed to?

Mr. Chairman: Listen, you are not chairing this meeting. I know you like to think you are very frequently. We will let you have some latitude, but that is going a little too far.

We will do it, if no one has any real problems with what Mr. Philip suggests with respect to reading each of these into the record.

Mr. Philip: When I was chairman, Margaret Campbell frequently co-chaired with me, and I did not seem to have the same sensitivity you have to the whole process, as long as it moved things along.

Mr. Gillies: Mr. Chairman, I think we can move this along quite quickly. We agree with point 3.

Mr. Epp: We have no difficulties with point 3.

11:00

Mr. Philip: Number 4, that the Industrial Accident Prevention Association develop a more efficient accounting system and that a stronger system of accountability to the Workers' Compensation Board be developed. The WCB should review the auditor's report on the expenditure approval process and correct the deficiencies noted. Is that agreed?

Mr. Epp: That is agreed.

Mr. Philip: Number 5, that the tripartite Occupational Health and Safety Education Authority, consisting of industry, labour and government representatives, should play an active and decisive role in the provision of health and safety services. Is that agreed?

Mr. Epp: It is not agreed. We have difficulty with this. The reason is that the Occupational Health and Safety Education Authority has a mandate from the board to co-ordinate, encourage and monitor the safety education activities by all the safety associations and to encourage and finance independent studies which can contribute to a reduction in occupational injuries or diseases. We do not believe the IAPA should deal with this matter in the way that has been suggested.

Mr. Philip: It does not say that the IAPA deal with it. It says the OHSEA should exercise its function.

Mr. Epp: Yes, but we are dealing here with the IAPA organization. This goes far beyond what the IAPA should be doing.

Mr. Philip: It is not the IAPA that this is addressed to; it is the OHSEA. It is saying, "For heaven's sake, you had better do your job, particularly vis-à-vis the IAPA." That is what it says. It does not say anything directly to the IAPA, only, "You guys had better watch out, because our direction to the tripartite OHSEA is to watch you guys a lot closer." That is what it deals with.

Mr. Gillies: Mr. Chairman, could we have a show of hands on this one? There appears to be some disagreement.

Mr. Martel: I am not sure what the difference is, Herb.

Mr. Epp: I am saying we are dealing here essentially with the IAPA.

Mr. Martel: All this does is say to the tripartite committee, which exists now, "You had better pay attention to your mandate because you have let it slip." Part of the reason was that the cheques were being written and no one was monitoring anything.

Mr. Chairman: Is there any way this can be included in the other two for discussion? In terms of the wording, it is obviously not--

Mr. Philip: No. I simply will call the vote.

Mr. Epp: It is our feeling that we are dealing here essentially with the IAPA and it is outside their mandate.

Mr. Philip: You cannot deal with the IAPA without dealing, as we do in the other resolutions--

Mr. Chairman: We obviously have some fixed positions here. All in favour of number 5? Opposed? It is carried.

Mr. Philip: Number 6, that labour be given an opportunity to become more involved in occupational health and safety decisions.

Mr. Gillies: We agree.

Mr. Philip: It is agreed? Number 7--

Mr. Chairman: No. We are waiting for Mr. Epp's comments here.

Mr. Epp: The resolution is very far-reaching. It is not clear what you mean by it. If you have some more explanation to it, it may help us. What you have provided so far is not particularly clear.

Mr. Martel: Let me tell you what is wrong. Under the present occupational health and safety bill, labour has no decision-making power, absolutely none. It might have an advisory role, but if anyone chooses to ignore it--and most do--then it does not go beyond that. Either it has and shares the right to protect its membership or, whether there is no union in a shop, it has a right--I am sure you are going to see the change in the legislation that is coming forward and is going to tighten that up, because they simply have an advisory role now.

In many companies across the provinces yet, eight years after the act came into existence, there is not even a health and safety committee in place even though it is mandatory by law in any place with more than 20 employees or any shop using some of the designated substances.

They have no real say in occupational health and safety. It is as simple as that. You might want to check it out, Herb, but you will find out this is pretty precise.

Mr. Chairman: Any further comments, Mr. Epp?

Mr. Epp: Let us vote on it.

Mr. Chairman: All in agreement with number 6? Agreed.

Mr. Philip: Number 7, that the IAPA increase the representation of women on its board of directors and in its management structure.

It was fairly obvious when we questioned the IAPA that even though they are supposed to be dealing with 50 per cent plus of the work force as women, they had very little or only token representation in either the IAPA management or its board of directors, the decision-making body of that organization. It seems appropriate that this be rectified. Political parties have been moving in that direction and all other organizations have been moving in that direction. It seems reasonable to direct this organization to restructure itself in such a way that representation of women will be increased.

However, what the resolution does not say is, "give them a specific formula or a timetable." It is merely a direction we are expecting them to follow, and we will be monitoring what progress they make.

Mr. Epp: I have difficulty with this motion. I have difficulty with it not because of what is there but because of what is not there.

If the member for Etobicoke (Mr. Philip) were to speak with his colleague the member for Ottawa Centre (Ms. Gigantes), he would find she would be upset with this--upset that it did not go far enough. Nothing in it indicates there is an urgent need for this. Nothing indicates they should substantially increase it. I would hope the member would go back and discuss it with his colleague the member for Ottawa Centre and amend it to include

"urgent basis," "urgent need," "substantial increase" or something of that nature. I do not think it goes far enough.

Mr. Martel: We could say 50 per cent if you want.

Mr. Epp: We recommend that you entertain an amendment to this, that it be done on an urgent basis.

Mr. Martel: We will take a friendly amendment, Herb, to say 50 per cent.

Mr. Philip: I am perfectly willing to hear a friendly amendment from the Liberal representatives. I find it somewhat ironic that the very people who are backtracking on equal pay for work of equal value want to tell another organization that they are not going far enough in terms of women's rights--

Mr. Epp: Our position has been consistent and clear.

Mr. Philip: --but I am perfectly willing to listen to any amendment he may have on that.

Mr. Epp: I suggest the friendly amendment would have the motion read this way: "That the IAPA increase the representation of women on its board of directors and in its management structure and that this be done on an urgent basis."

Mr. Philip: I accept that as a friendly amendment.

Mr. Martel: We will even take a number, such as 50 per cent, if you want, Herb.

Mr. Epp: Not at this point.

Mr. Gillies: We too certainly accept the amendment.

Mr. Philip: Number 8, that the WCB attempt to recover the money overspent, or spent without proper authority, by the IAPA.

Mr. Epp: We agree.

Mr. Chairman: I was supposed to ask, to put it properly, whether number 7, as amended, carried.

Interjections: Yes.

Mr. Chairman: We are now facing number 8. I have a question with respect to the funds; I will direct it to the Provincial Auditor. How do you read this? Do you see any problems with this type of direction?

Mr. Archer: No, I do not see any problem with the direction. It implies that much of the money was spent without proper authority. Yet most of it, if not all of it, did receive the technical authority required; it did get the board of directors' approval. However, what the committee and everyone else was questioning was whether the board should have been quite as generous as it was.

Mr. D. W. Smith: Could we add "in accordance with the auditor's recommendations" or something like that? Can that be added?

11:10

Mr. Philip: If I might address the auditor's concern, we were very cognizant of that, and that is why the word "or" was put in there. I think that handles the auditor's concern.

Mr. Chairman: I have some personal problems with that one. It is a little extreme, but I do not have a vote on this.

Mr. Epp: We are going to support the motion, but I have difficulty with it. The difficulty is that when the standing committee on public accounts endorses a motion of this nature and gives direction to the Workers' Compensation Board, when the board discusses the motion to see what it can do in conjunction with the auditor's report, I wonder whether it asks: "To what extent do we do this? Do we proceed legally to try to do things? Do we hire ourselves a lawyer, auditors and a big accounting firm and go through the whole thing?" I am not sure.

We are going to support the motion, but to some extent, the IAPA and whoever enforces this is going to be against the wall on what the direction is and to what extent they go to try to recoup some of this.

Mr. Martel: You are asking whether it costs more than it is worth.

Mr. Epp: Exactly. I am not opposed to it.

Mr. Philip: The answer to that is that it is fair to say this committee and the standing committee on the Ombudsman, its counterpart in terms of human rights, now has a much better relationship with the WCB and Dr. Elgie than has existed in the past. He is working very closely with the two committees.

We have given a direction. At any time there is every possibility that Dr. Elgie, who seems to have a fairly close rapport with this committee at present, may come back and say: "Here are certain difficulties. I can implement solutions in this way by meeting with the Provincial Auditor and in an ongoing dialogue."

The basic thrust is that if any of this money that is being squandered can be returned, get it. If it will cost more to get it than will be recovered, obviously we do not want to throw money into legal fees and have nobody profit except the lawyers.

Mr. Mancini: Mr. Chairman, I share the same concerns you have. While I agree with my colleague Mr. Epp that we will vote in favour of the motion, unless there has been some type of fraud or unless we take recover this money out of someone's personal finances or unless we go to some institutions that have already been paid for services rendered, I see no way whatsoever the money can be recovered, unless the auditor can help me.

It is like telling any government agency we do not like the way it spent money, but now we want it to get it back. The people who provided the services are not going to give the money back, because they were paid for services provided. That leads me to believe that the only persons left to recover the money from are the individuals working there. I am not sure we have ever done that or whether it is even legally possible to do so unless someone is accused and convicted of some kind of fraudulent activity. If possible, I would like the auditor's thoughts before we go on.

Mr. Archer: I agree with those comments. There is no way you can get money back that was spent on taking wives to the conferences, for example. There were a few items of relatively minor amounts where individuals had claimed items on their travel expenses that were not really reimbursable.

Mr. Mancini: Is that fraud?

Mr. Archer: I would think it was inadvertent. If you are going to commit fraud, you should strive for higher stakes.

Mr. Mancini: Should we send them a letter or something?

Mr. Archer: There are some minor amounts of money that could be recovered, but the bulk of the money cannot be recovered.

Mr. Mancini: Could you pinpoint for this committee what moneys, in your view, can and should be recovered? That way, we know exactly what we are doing, and they know exactly what we are talking about. To send them such a general motion will probably create a lot of confusion as to what this committee wants to do. With your help, we can say: "We believe X dollars was spent in this fashion, and you know you should not have spent it that way. Therefore, you have to reimburse the agency. We have looked at the figures and the books, and we have no doubt about it." Then I think this committee would be doing it the right way.

Mr. Archer: We could go through our report and identify them. There are only three or four instances.

Mr. Gillies: With that in mind, I suggest we stand down number 8 and deal with it after having had the benefit of the auditor's guidance. We could deal with it at the same time as points 1 and 2.

Mr. Philip: I ask that not be done, for the simple reason that I have trust in the auditor's being able to have a dialogue with Dr. Elgie and being able to work that out between them without necessarily involving this committee.

Dr. Elgie has two types of weapons. One is the very narrow legal weapon we talked about and about which Mr. Mancini seems to be concerned. The other is a certain political pressure you have when you are funding an organization and you control the purse-strings. You say to them, "We have gone through the hearings and this was ill advised and inappropriate and we think it should be refunded." If you are the fellow who has the \$13 million who is going to go over there, and someone is sitting on this side of the table and suggesting that certain money might be repaid, the fellow who has the money in his pocket might consider it in his interest to repay that money.

I have always felt that Dr. Elgie was a very skilled negotiator and politician. He can probably do a good job of negotiating for us without using the legal route. I would rather leave him that kind of discretion, along with the discretion of the auditor. Therefore, I ask that it be voted on.

Mr. Chairman: What is the wish of the committee?

Mr. Gillies: Let us go ahead.

Mr. Mancini: Before we vote on it, we have already had the auditor volunteer to help us in this regard to pinpoint where we know there have been

some expenditures that we consider inappropriate. Why are we not willing to take the services of the auditor so we know clearly and pointedly--

Mr. Philip: Because it delays the report. I suggest that this be passed, and if the auditor wishes to report back to us with any additional information he has, it can be put on the record.

Mr. Chairman: We are going to have to take it to a vote. All in favour of the motion as it stands? Opposed? Carried.

Mr. Philip: Number 9, that the current IAPA upper management be reviewed. A new general manager should be hired and a new position for a controller should be created.

For the sake of harmony, I am willing to delete the second sentence.

Mr. Chairman: All in favour of number 9 as amended?

Mr. Gillies: I was going to suggest the deletion of some words. I like the idea of their having a controller there, and I think they need one. I suggest you strike out the words "a new general manager should be hired" so the motion would read, "That the current IAPA upper management be reviewed and a new position for a controller should be created."

Mr. Philip: That is a point well taken. Mr. Gillies makes an excellent point.

Mr. Chairman: Agreed? Agreed.

Mr. Philip: Number 10, that the IAPA improve and expand information services to workers and that complaint procedures in particular be fully explained.

Mr. Chairman: Agreed? Agreed.

Mr. Philip: Number 11, that the IAPA courses and seminars be restructured so that more time is spent on the meaning and enforcement of the Occupational Health and Safety Act.

Mr. Chairman: Agreed? Agreed.

11:20

Mr. Philip: Number 12, that the IAPA make data sheets available to all member firms and workers and inform them that data sheets are available.

Mr. Mancini: Is Bill 101 not going to address this?

Mr. Martel: Whenever Bill 101 is passed--

Mr. Mancini: Would we not rather have it in Bill 101, so we could control it that way?

Mr. Martel: The witness agreement does not go far enough; that is why the Minister of Labour (Mr. Wrye) is introducing Bill 101. It is mandatory under the law now that data sheets be made available.

Interjection: It is not being done.

Mr. Martel: People are failing to comply with the legislation. You have to have data sheets on toxic substances now; management simply does not provide them.

I will give you an interesting case. A company in St. Catharines had a data sheet, and on the data sheet it said, "This substance could be carcinogenic and you should do the following things." The company provided a new data sheet and struck from the old data sheet the following words: "This substance could be considered carcinogenic." They removed those; they made a new data sheet and left it out. Was that not wonderful? It did not even warn you of the hazard.

That is what is wrong with the whole mandate of the IAPA; it does not do what it is supposed to do. That is why I consider it a waste of time.

Mr. Philip: Mr. Martel and I met with some workers from the McDonnell Douglas aircraft company, and it was evident that a similar situation was happening there. You were dealing with a very sophisticated company and a very sophisticated union; so it is not just negligence or ignorance.

Mr. Gillies: As Mr. Martel has pointed out, it is the law. We are just reminding the organization of its obligation under the law.

Mr. Chairman: Are there any additional comments?

Mr. Mancini: If members do not feel there would be a duplication when Bill 101 is passed--

Mr. Martel: Really, it is already law.

Mr. Mancini: It is not. I just brought that up as a comment. These people seem to have a difficult time as it is doing what they are supposed to be doing, let alone duplicating what the government will be doing later. That is the only point I wished to bring out.

Mr. Chairman: Thank you. Is 12 agreed to? Agreed.

Mr. Philip: The next four motions are interconnected. I hope members will look at them as a way of seeing that what we are doing is basically commenting on the whole training package system.

Number 12, that the Workers' Compensation Board Occupational Health and Safety Education Authority conduct or commission a behavioural study of the effects of accident prevention education on workers to measure the success of programs, conferences and other training efforts.

From a public accounts point of view, the most important thing in any program is to see that there are clear objectives and that the success of meeting those objectives is measured in as scientific a manner as is available with current techniques. There is a whole field of training that is a profession, and there are scientific ways of measuring the effects of training. That is what we are asking.

I was astonished that an organization spending \$13 million would have no better way of evaluating the effectiveness of its programs than to hand out questionnaires asking how the participants liked the instructor or some other kind of thing that goes back to the early 1920s type of evaluation.

Mr. Gillies: I agree. As my friends in the Liberal Party will know now, in modern government one of the most important functions of every ministry is MBR, management by results. We cannot have programs in place without follow-up and monitoring to see how they are working. If the IAPA is not doing that, it should be. Therefore, we support 13.

Mr. Martel: There was an audit being done, but it excluded any reference to whether the program was successful. In fact, it deliberately spelled out that it was not going to look into whether the programs they were offering were successful. That is part of the thing that triggered my inquisitiveness about them. Can you imagine doing an audit, when your mandate is to teach occupational health and safety, and the one thing being excluded from the audit was whether the programs were successful? I urge my friends to support that.

Mr. Chairman: Do we have agreement on 13? Agreed.

Mr. Philip: Number 14, that the IAPA decentralize certain of its operations and functions so that conferences and meetings, for instance, take place in regions of the province where more of its client base can be better served.

This is a basic, commonsense training technique. We are saying to run the programs out in the field. It is less expensive to send the trainer out there, the trainees are more likely to feel comfortable and you are more likely to get behavioural change by doing so.

Mr. Gillies: We agree with that.

Mr. Epp: We are in support.

Mr. Philip: I want to speak to number 15 after I move it, because I think there is some misunderstanding.

Number 15, that the practice of organizing expensive annual conferences in downtown Toronto hotels be discontinued, as such events cannot be justified in terms of previous years' low participation rates and excessive costs.

Perhaps the unfortunate thing was to include "in downtown Toronto hotels." The intent of the motion was not to suggest that they shift rather expensive conventions to Waterloo downtown hotels from Toronto downtown hotels.

Mr. Epp: Even the Inn on the Park would not be downtown.

Mr. Philip: Right. The intent of the motion was to say that the annual conferences are very expensive and they get less behavioural change, which is what this organization is supposed to be involved in; namely, preventing accidents. You get less bang for your buck doing this than in a more decentralized manner.

This is a complementary motion to the two we have just passed, and I would simply remove the reference to downtown Toronto hotels. It would read: "That the practice of organizing expensive annual conferences be discontinued, as such events cannot be justified in terms of previous years' low participation rates and excessive costs."

Mr. D.-W.-Smith: I want to make a comment on number 15. Since you have had number 14 passed and you have the approval to decentralize

conferences, and since during the discussions when witnesses from the IAPA were here you must have impressed upon their minds that you were not happy with this practice, I wonder whether number 15 is even needed. You have made all the points from time to time, and we as members have heard your very forceful opinion. Since you have put through number 14, I really wonder whether you need 15.

Mr. Philip: In answer to that question, I am convinced the president heard what we were saying. This reinforces his hand when he goes back to his board, which was not here, as to exactly how upset we were that they would spend such large amounts of money on these centralized conferences that have very few people attending.

It is simply a reinforcement so that those executive officers of the IAPA, who may have heard us, can go back to their body and say: "There is no question. The public accounts committee said it does not want this kind of thing to go on any more, and it is a bad use of money."

I agree with you that if you take 13 and 14, somebody who is very well acquainted with what we were doing will probably say, "That means no annual conference unless we are able to justify it and do a number of things and ensure very stringent objectives and know whom we are targeting." This drives home the point so the board can go back and say this is what we were talking about.

Mr. D.-W.-Smith: I do not agree with you; I think it could be deleted.

11:30

Mr. Gillies: I still cannot agree with number 15, even as amended. I think just about any organization of any size should have an annual conference or an annual meeting. In most organizations, that is where the rank-and-file members assemble and have a lot of their say about the management operations of the organization and what has been going on in the past year.

In view of everything we have done in this committee in the last couple of months, I am looking forward to dropping by their next annual conference. I want to see if the message has got through to the organization.

We support the intent of Mr. Philip's motion that this event be as economical as possible and that the extravagance ends. However, I do not want to support a motion telling them not to have an annual conference. If I were to move another motion--in 15th place--it would read something along the lines of: "That the costs of any annual conference be kept as economical as possible and that higher participation be encouraged." This is a somewhat positive way of coming at Mr. Philip's concern that participation rates have not been good, which is a valid concern, and that it be kept as economical as possible, with which we also agree. We do not want to tell them not to have a conference if they want to have one.

Mr. Polloek: To add to what Mr. Philip said, I would prefer to put in the motion that these conferences be held in different areas of the province, not in a central area, if at all possible.

Mr. Gillies: I have no problem with that.

Mr. Mancini: We are moving quickly in the right direction. I was concerned when I first saw the original motion insisting that the downtown

hotels not be used. The organized workers in the downtown hotels would have been quite interested to see the public accounts committee pass such a strange motion.

Mr. Philip: Maybe the organized workers elsewhere would like to get a piece of the action.

Mr. Chairman: Mr. Philip, please. I do not think I have interrupted you once today. You seem to have the need to interrupt everybody.

Mr. Philip: Only those who are talking stupidity.

Mr. Chairman: Come on, please.

Mr. Philip: You notice I never interrupt Mr. Gillies.

Mr. Mancini: Mr. Chairman, I have sat here and been good all day because I have a motion coming up, I hope.

Mr. Chairman: Let us hope this will not deteriorate.

Mr. Mancini: Mr. Philip has once again distinguished himself, which he does on a regular basis.

I like the positive aspect of the new motion. I agree it is very helpful for any organization to get together on a yearly basis to hear from people it is supposed to be interested in and supposed to be representing, to hear their views and what has transpired over the past year. I concur with the more positive, new number 15. Being a member from outside Metropolitan Toronto, I would also like to add my support to Mr. Pollock's views that occasionally--whenever the need is seen, when it can be justified and if there is a demand in certain areas of the province--other areas of the province at least be considered. Those two positive amendments are in the right direction. I am glad to see we are striking out the first, original, negative motion, which was strange to begin with.

Mr. Chairman: Mr. Philip, you have heard the comments. You can see what is happening here. Are you prepared to pull that motion and substitute the one Mr. Gillies has put forth?

Mr. Philip: The purpose of the motion was not to prevent or militate against an annual meeting in which the officers of the organization would deal with the normal business of an annual meeting.

In the case of IAPA and a number of other organizations, the boards are actually elected regionally and, therefore, there is not what we would consider an annual convention in which an executive is elected per se. This is directed towards having large, centralized conventions that for all intents and purposes seem to be very attractive boondoggles for people who go and get very little information that would be usable back home or that they would be in the practice of implementing. We had the case of certain wives taking courses at these conventions. They had absolutely no way of using the content of those courses.

I am willing to meet with Mr. Gillies or any one else and redraft this and bring it back, if that is your pleasure, because we can reach an understanding as to exactly how we--

Mr. Mancini: We have a redraft. Mr. Gillies's motion was not too complicated to understand.

Mr. Chairman: In the interests of time, rather than carrying on this debate, why do we not put this with numbers 1 and 2, and then come back with the revised version, so that we do not debate this any further this morning? We are getting tight on time right now.

Motion agreed to.

Mr. Chairman: Mr. Philip moves number 16, that the IAPA revise its conference planning so that there is a more concerted effort to accommodate such events in hotels which offer the lowest rate.

Mr. Philip: We were concerned about the fact that their meetings were constantly being held in the same hotel, without any kind of tendering process. When public money is being dealt with, it helps to have competition in the field. That, therefore, is the reason for this motion.

Mr. Wildman: I have a great deal of sympathy for my colleague's proposal here, but an organization like the IAPA, which I hope will be able to develop strong support, not only in the business community but among organized labour, should at least require as part of its tendering process that the hotel be organized.

Mr. Philip: That is reasonable and I will take that into consideration. They could get tenders from three to four organized hotels in the area.

Mr. Gillies: We agree with number 16 as it is written.

Mr. Chairman: I want my comments on the record about it offering the lowest rate. I have problems with that and that kind of establishment. It could have been worded a little more reasonably. They should get competitive quotes, but to say they should go to the place with the lowest rates means they could end up in some pretty seedy spots.

Mr. Gillies: It could be a place that rents rooms by the hour.

Mr. Wildman: I was just thinking that myself.

Mr. D. W. Smith: There is a limit to how low the chairman would go.

Mr. Gillies: The hotels with the absolute lowest rates are undoubtedly the ones that are not even organized.

Mr. Wildman: They may be organized, but they may be organized for a different purpose.

Mr. Chairman: Apparently we have agreement that our concerns are on the record.

Mr. Philip: I believe Mr. Sargent and Mr. Germa may have an offer as to where we can get the lowest rate. IAPA management should be required to seek either government or commercial rates in hotels when its people travel on business. We had the situation where it was fairly clear they were not even asking if there was a discount in certain areas. I know when I was travelling the roads of this province for the Ontario Federation of Agriculture, we

always made sure we got discount rates and we stayed at those hotels that provided a commercial or a discount rate. There is no reason why these people should do otherwise.

Mr. Chairman: Are we in agreement on that one?

Motion agreed to.

Mr. Chairman: Okay, number 18. Mr. Philip moves that the IAPA hiring policy be changed so that the practice of hiring relatives, particularly those who are students hired for summer employment, be discontinued. The committee further recommends that the Provincial Auditor re-examine the IAPA's hiring practices in one year's time.

Mr. Gillies: I agree with this. Just for the record, when I served as minister for youth, I had a no-nepotism rule put in for the hiring purposes of the government's youth employment programs.

Mr. Philip: None of your children was hired?

Mr. Gillies: It would be consistent with government policy, therefore, for a publicly funded agency such as the IAPA to do likewise.

Mr. Philip: I just broke my rule; I said I never heckled Mr. Gillies and I just heckled him.

Mr. Gillies: A non-aggression pact.

Mr. Chairman: Do we have agreement on that?

Mr. Wildman: We should run this by Clare Westcott.

Mr. Chairman: Does Mr. Smith have a comment? No. Mr. Philip moves number 19, that the Provincial Auditor review the IAPA's practice of having some of its publications printed in the United States. If the IAPA's claims of greater economy and efficiency in this regard cannot be substantiated, the committee recommends that all IAPA publications be printed in Canada.

• Mr. Philip: It was a concern that the IAPA was publishing entirely in the US and its argument was that it received great discounts there. We are not telling them to cease that practice. We are saying it should justify that it is receiving economies so great that it cannot afford to do it in Canada. It is a fairly open recommendation. The Provincial Auditor understands that, can review it with IAPA and report back to us.

11:40

Mr. Villeneuve: Are these publications on accident prevention printed in the two official languages or are they only in English?

Mr. Archer: Any publications we have seen are in both languages.

Mr. Philip: They have some in other languages.

Mr. Gillies: I was astonished to learn that the IAPA had publications printed in the US. It could not have looked around too much in our own province to find economical printers. If it ever wants a couple, I have printers in Brantford who do very high-quality work--

Mr. Mancini: Just a minute; you said you were avoiding nepotism.

Mr. Gillies: --for half of what one would pay in your part of the city. I am trying to make the point that it should look around our own province--and not just in the Metro area--and it will find very good, economical printers.

Mr. Chairman: We are now on number 20. Mr. Philip moves that the health and safety advertisements of the IAPA and other safety associations be revised to portray a more balanced picture of where the responsibility for accident prevention rests. Advertisements and promotional literature should place the onus for accident prevention on management rather than on workers only.

Mr. Philip: The Treasurer (Mr. Nixon) and I had an interesting dialogue on this in the Legislature yesterday. I was able to convince him that there needs to be a balance in terms of showing that employers are often the ones who, through their negligence or through their wish to save money, put employees in danger.

If you are going to portray employees as being the cause of their own destruction, it is also fair to portray those employers who may be acting less than responsibly and to portray the types of penalties possible. As the Treasurer said yesterday, maybe it would be good to show an employer getting a heavy fine for not putting up a guardrail or for not taking some other safety precaution. It might make some employers just a little bit more cautious and it might impress upon employees that if these things are not done, they have some recourse in terms of penalties to their employer to ensure that they are done in the future.

Mr. D. W. Smith: I have no problem with the first half of number 20 when you ask for a more balanced picture. However, in the last statement, you say, "place the onus for accident prevention on management." You add the last phrase as well, but if you drop the last sentence, you have covered what you want to say. I can vote in favour of the first half, but it is unnecessary to have the last half.

Mr. Philip: What if we say that "advertisements and promotional literature should not place the onus exclusively on workers"? That gets your message across.

Mr. D. W. Smith: All right.

Mr. Philip: Does the clerk have that or do I have to write it?

Mr. Pollock: Is there a major penalty for workers who fail to abide by the rules?

Mr. Philip: Yes. They can be fined.

Motion agreed to.

Mr. Philip: That leaves numbers 1, 2 and 15 that we will redraft and bring back to the committee next week.

RENTAL HOUSING LOAN

Mr. Chairman: The next thing on the agenda is the Huang and Danczkay thing. Do we want to get into that today, with only 20 minutes left? I have a

couple of other items we should discuss in camera if we are going to break at noon.

Mr. Gillies: I would very much like to discuss it if we can. I will not be able to attend the committee sittings next week. If we do not deal with it today, it will be at least two weeks before the motion can be dealt with, and I would like it dealt with. My comments will not necessarily be lengthy.

Mr. Chairman: I do not know whether we will see it resolved today. I do not see it, from some of the grumblings that are coming forth.

Mr. Gillies: Can we at least get a start on it? If we cannot come to a vote today, then--

Mr. Chairman: I want to get some views of the committee on this. We also have a request from Mr. MacKinnon of the Ontario Development Corp. that should be dealt with in camera. We also have a letter sent to the auditor and me from the law firm representing Mr. Caplan and Damaza that we should deal with and on which we should provide the auditor with some direction as well.

My concern is that we are not going to have any time to deal with those either, and we are not really going to resolve the Huang and Danczkay matter in 20 minutes. We may be able to resolve these other matters.

Mr. Mancini: Try to do it next week, Mr. Chairman.

Mr. Gillies: As I said, it is my motion and I will not be here next week, so it is a question of whether we put this on the back burner for two weeks or not.

Mr. Mancini: You want to wait until we--

Mr. Gillies: I suppose if we have to, but I want to register my opposition to that.

Mr. Philip: I think it is important that, whatever we may individually feel about motions or whatever, the mover have an opportunity at least to say something at the time in which it is scheduled. He may well have certain people looking in to see the direction he is taking. All of us do that when we have motions.

Therefore, notwithstanding what I may personally feel or what other members of the committee may personally feel, I think that Mr. Gillies has a right to be heard for at least a few minutes at this time, since it was scheduled.

Mr. Chairman: I defer to the wish of the committee. If that is the wish, we will proceed in that matter.

Mr. Mancini: Can we have an agreement that we can wrap it up just before noon?

Mr. Wildman: There is going to be a vote.

Mr. Mancini: I am not against your motion.

Mr. Gillies: I will attempt to be very brief and I appreciate that we will probably not get to deal with this on a vote today.

Mr. Gillies moves that the committee examine the \$3.5-million interest-free loan given under the convert-to-rent program to the Huang and Danczkay project on Queen's Quay West.

Mr. Gillies: I would like to review briefly with the committee why I believe there is a need to investigate this loan and why we are troubled in my party that the province funded this particular project through the convert-to-rent program. We believe that no matter how one stretches or interprets the rules of the convert-to-rent program, there is no question that what you are dealing with on this particular site is new construction on what was a vacant site.

The previous structures on this particular site at 350 Queen's Quay West were, as members will know from discussions in the House last week, grain silos. The buildings that were on the site occupied approximately seven per cent of its total area, as in fact most of the land was previously covered by railroad track and a road.

The demolition of the structures, the silos, was undertaken by Harbourfront in 1983, more than three years ago. The developers literally began with a vacant site, on which they are building new construction. In other words, as far as we are concerned, the project did not qualify and does not qualify for a convert-to-rent loan.

I can appreciate that all of us connected with the governmental process can sometimes support stretching the rules if the aim of the program will be met. But at a time when we desperately need affordable housing, not only in this city but throughout the province, we do not see this project as having as its primary focus the creation of affordable housing. Even the Premier (Mr. Peterson) has admitted that.

It is ridiculous to have assisted housing in a rental project where the rents are in the \$700 to \$1,100 a month range. For the 70 or so assisted units in this building, this would mean, for example, that if a family could afford a rent of only \$250 a month in an apartment that rented for \$950 a month, the province would be subsidizing the unit for \$700 a month.

I am sure that members would agree with me that this is not an economically or fiscally responsible way to provide affordable housing. Further, we in our party are very much aware of the value and attractiveness of harbourfront property in Toronto. We venture to say that the developer, Huang and Danczkay, could put up a very profitable project, either rental or condominium, without the need for public funds to do so. In fact, any number of developers--this is very controversial in this city--are erecting luxury projects on the harbourfront without the injection of provincial taxpayers' money.

11:50

We are very concerned about the limited accessibility that the average person will have to this project. I have the guidelines for the project here. If members would like me to distribute the convert-to-rent guidelines, which are dated March 1986 and bear the logo and imprimatur of the Minister of Housing (Mr. Curling), I will do so.

These guidelines are available to the public so that people can understand what is eligible for convert-to-rent and what is not. They do not speak to the loosening of the guidelines that the minister says occurred two

years ago. These are the guidelines that people go by. These are the ones we have in our constituency offices so that people in our ridings can learn about the program and understand it. Nowhere in this document does it suggest that you can get convert-to-rent funding to erect new apartment buildings on vacant land.

We are also concerned, as members know, about the role of Ivan Fleischmann in acquiring this loan for the client. Mr. Fleischmann represents Huang and Danczkay in a number of their projects. I do not think Mr. Fleischmann would object to my saying that he has lobbied very hard on behalf of his clients at city hall and at Queen's Park.

I direct members' attention to a cover article in last week's edition of Toronto magazine entitled "Who's in Charge at City Hall?" It is a very lengthy and somewhat provocative description of Mr. Fleischmann's activities surrounding this project. I will give you a couple of brief quotes. Geoffrey York, the author of this article, says:

"To be a Liberal is a useful thing for a lobbyist in Toronto today. If a client wants a provincial grant or a subsidy, a Liberal connection can help grease the wheels in the Peterson government at Queen's Park."

Another quote in the article is from Alderman Michael Walker of the city of Toronto, and this is regarding the activities of Mr. Fleischmann:

"I felt extremely uncomfortable. It was too forward and too blatant. It just reeked of rot. I've never seen it so blatant." That is from Alderman Walker. There are other quotes, but I will not take the committee's time for the time being.

In asking for this investigation, we are concerned about the substantive issue, which is whether the interest-free loan should have been made and whether it is being used for the purpose for which it was intended. In this committee we are also interested in determining the role of Mr. Fleischmann at the provincial level and whether it was appropriate. I urge members to support the motion when it comes to a vote.

Mr. Chairman: What is the wish of members? Should we continue with this topic and try to resolve it now?

Mr. Philip: Let us get at least two views expressed.

Mr. Chairman: Do you want a view expressed from each party, and then perhaps we could deal with the other matters? Mr. Philip and then Mr. Epp.

Mr. Philip: It will come as no surprise that we will be supporting this motion. As chairman of the standing committee on administration of justice and as Housing critic for the New Democratic Party, I chaired an inquiry some time ago into the operations of Ontario Housing Corp. At that time we reviewed the literature and discovered that, much to our surprise, certain people in Manhattan were being subsidized yearly to the tens of thousands of dollars. We looked at that and said, "Boy, that is the wrong way to go." The committee came out with a fairly decisive report that said geared-to-income or subsidized housing in private developments such as this just make no economic sense whatsoever.

As someone who sat in his office until 11 o'clock last night dealing with constituents' problems and who had people lined up down the corridor and

literally out on the street in need of housing, I think it is absolutely irresponsible that a government would consider subsidizing a very few people in a very luxurious spot while there are about 20,000 people on the waiting list for geared-to-income housing in this province. That makes absolutely no sense whatsoever.

I am not all that concerned about whether the patronage system is Liberal or Conservative. I am concerned about whether there are clear objectives to a program and whether those objectives are being followed and evaluated.

From everything we can see, this does not meet the guidelines; this does not meet the objectives of the program under which all this money is being funnelled. That has to be our function. There are going to be people like Ivan Fleischmann around. There were at the time of the Holy Roman Empire; there were in the Greek democracies. Any of us who have visited other provinces around here know that Ontario does not have exclusive jurisdiction over characters like Ivan Fleischmann.

It may well be that we will have to move, as did the standing committee on public accounts or maybe the standing committee on the Legislative Assembly, to deal with the increasing problem in sophisticated societies of the professional lobbyist, or beggar, or whatever these corporate people are who put the squeeze on politicians, particularly on the government in power.

The issue for us to examine is why a specific program had money diverted into what appears, from all evidence that we have to date, not to meet the objectives of that program. I am in favour of it for two primary reasons: (1) from a taxpayer's point of view, I am concerned at the squandering of dollars. (2) from a humanitarian point of view, I am concerned that there are so many people out there who cannot afford decent housing, and under a program such as this, money is siphoned off for those very few who are going to live in very luxurious accommodation while these other people are out on the street or are paying in excess of 50 per cent or 60 per cent of their income on rent.

For those reasons, I will be supporting this inquiry.

Mr. Epp: Mr. Chairman, I have difficulty with the motion on a particular basis. I do not think it is accurate and I think you are familiar with the issue I am going to raise.

It is somewhat sensational because when the name of Mr. Fleischmann is brought in these days, you can always get a line in the newspaper whenever you want to. If he touches your collar or tie, you will probably get a line in the newspaper because you talked to Mr. Fleischmann or whatever the case might be. Because he received \$30,000 on another occasion for having dinner with a particular individual, and that was about the extent of his involvement in that case, it appeared he was overly paid, and if it were to be measured on that basis, it was a very valuable lunch.

I doubt very much whether he played an important part in this and whether he did something wrong. With respect to people who are lobbying for certain projects, people or issues, that has been going on since day one. There is nothing in the Legislature, either in this province or in the country, that says lobbyists have to register themselves to lobby.

I hope we never get to the point where we say nobody can lobby for anything. That is almost to the point of being implied here, if someone gets paid for it or works for a public relations firm or something of that nature.

12:00

I do not think that is the real issue here. I want to read the motion by Mr. Gillies: "An inquiry be undertaken to review the award of the \$3.5-million interest-free loan through the the convert-to-rent program for the Huang and Danczkay development at 350 Queen's Quay West (Maple Leaf Quay)." In fact, this has not been done. I am assured that \$3.5 million or any part thereof has not been awarded. There is a letter of intent, but no money has been awarded.

Therefore, I ask the chairman to rule whether this can be discussed in this committee. The resolution says it has been awarded and I am assured by the Ministry of Housing that it has not been awarded, that Huang and Danczkay has not yet received one cent. I suggest the chairman rule on whether this motion is in order.

Mr. Gillies: If I may speak on that point, it is certainly the intent. The letter of intent has been signed and the developer is of the understanding that he is getting a convert-to-rent loan. I venture to say to my friend Mr. Epp that this is a tremendous opportunity for our committee. As opposed to trying to close the gate after the horse has escaped, as we so often do, we have an opportunity to investigate the approval of this loan before money is expended. If we find it inappropriate, we will then be able to make a recommendation that may save the taxpayers \$3.5 million. I find the point made by Mr. Epp to be most fortuitous.

Mr. Epp: The motion is not in order and I am asking the chairman to rule on it. I have been assured the money has not been spent. The motion says it has been spent and an award has been given. The award has not been given. I am not arguing whether we should have an investigation--not at all--I am arguing on the technicality of the motion itself. The award has not been given. Therefore, no discussion can take place because it is a false premise.

Mr. Gillies: I suppose we could bring in three or four dictionaries as to the meaning of the word "award," but it can be interpreted that when an intent is given that a loan is to be made, it can be said the loan has been awarded. It does not imply that the money has already flowed.

Mr. Philip: If the chairman rules that the letter of intent does not qualify for an inquiry at this time, then he is ruling out of order not only this but previous decisions he has made for similar inquiries when moneys have not been spent and where this committee had unanimously approved an inquiry into those matters.

We had a discussion and my motion for an inquiry into the domed stadium was approved. The result of that inquiry, from the latest information I have, is a saving to the taxpayers of some \$30 million. The conglomerate was opened up and we understand there is one individual and five companies already in a position of pouring money into the domed stadium. I fail to see the difference between that inquiry, through which we were able to save the taxpayers \$30 million, and this one where we are similarly attempting to stop the money from filtering out and being lost before it is spent.

Mr. Epp: May I speak to that? Mr. Philip has made a very important point and a very important analogy. When we investigated the domed stadium, public money was expended. As you know, the Treasurer (Mr. Nixon) had given money. I forget how much at that point. Was it \$30 million he put into an account or something of that nature? They expended the provincial \$30 million, put it into an account and they were drawing interest on some of that money to have the studies and so forth.

They had committed themselves to giving the architects so much money, etc. They had hired people to do it and there was actually money awarded to that corporation by the province. I agree with you, Mr. Philip, it is a very important analogy but it does not work in this case because in this case public money has not been awarded. It has been promised but it has not been awarded.

Mr. Philip: Mr. Epp, let me suggest to you that the promise was not made in a vacuum. The promise was made by a public servant who was acting on behalf of the minister, both of whom were being paid from the public treasury. To suggest that a letter of intent somehow develops out of a metaphysical blob out there and appears without any cost to the taxpayer is simply to ignore that public servants and ministers who make agreements are being paid by the crown and that their salaries are part of the overall expenditure of the taxpayer. I suggest that the moment you have a letter of intent, that letter of intent and the processes leading up to it have meant the expenditure of money. Therefore money has been spent.

Mr. Epp: I think this is another important point and I want to address that because a letter of intent is a principle. It says, "Look, if you meet all the conditions, if you meet this condition and that condition and so forth down the line--there could be 50, 100 or 200 different conditions--if you meet those conditions, your project will qualify for the \$3.5 million," in this case.

I am not saying we should not have an investigation if the money is expended. I am asking the chairman for a ruling on this. He may want to take a week or two to think about this.

Mr. Philip: I do not want a week to think about it. I want a statement right now.

Mr. Epp: In all fairness, our letter of intent does not commit the money. It commits the money if those conditions are met. If the conditions are not met, it does not commit the money and so the money has not been awarded. That is the point I am making. The money has not been awarded. It says, "If you meet the conditions, then we will give you the award," and in this case not a cent has been spent. It may have been spent on talking to those people, but that is another category. You do not charge people for talking to a civil servant. You do not charge a developer out there for speaking to a civil servant because the civil servant is being paid. If you are going to do it on that basis, it is another principle.

Mr. Villeneuve: Mr. Epp mentioned that the money was promised but then no money was forthcoming. I hope he is not insinuating that this government promises and then reneges. The conditions would be most interesting.

I have had a number of situations in my riding where I have simply told people: "I am sorry. Because convert-to-rent does not go from scratch, you do not qualify." Therefore, the conditions are very important and I think they should be looked at in this particular case where a lot of money is involved.

Mr. Chairman: Mr Callahan. I would like you to deal primarily with whether this is in order.

Mr. Callahan: That is what I am going to speak to. I do not view this any differently than putting in an offer on a house which is conditional on financing. If you do not get the financing, the offer is gone.

I suggest as well to my friends from the official opposition that we have to recognize this policy was brought in by a Conservative member, Mr. Bennett. He must have thought it was an appropriate way to get on with additional rental accommodation. Speaking to the point of order, it really is conditional upon zoning and it is conditional upon a number of aspects. Until those conditions are met, it is no different than a house deal where you have an offer conditional on getting the property rezoned, getting a mortgage or whatever. If it does not happen, it does not happen and the money is not forthcoming.

Mr. Chairman: Thank you. I do not think we require further discussion on this at this stage. Mr. Epp, I was advised to suggest that the record be corrected. The money that was transferred to the dome was not in an interest-bearing account; it was a non-interest-bearing account.

Mr. Epp: It was a non-interest-bearing account. Thank you.

Mr. Chairman: I was aware this was coming up because of some of the inquiries that were being made primarily through the office of the Attorney General (Mr. Scott). I did have a position prepared but I have been apprised of some different views this morning, and I think I am going to take the week to try to sit down with a number of people before I reach a determination of whether this falls within the mandate of the committee. I will make a ruling at our meeting next week.

Mr. Philip: I wonder if you would consider one point. It is within the mandate of this committee to examine, at any time, any ongoing program or process that is spending money and to examine whether the objectives of that program are in place and whether those objectives are being met in a value-for-money manner. What you have is an ongoing program that has spent money over a period of years.

It is reasonable, therefore, for Mr. Gillies or for any other member of the committee to ask for an investigation into that program. It may require a change in the wording of his motion. In so doing, we can investigate that program. Since there is a letter of intent related to that program, it would be reasonable to examine that letter of intent. It would also be reasonable to examine the way in which decisions are being made in that program. I suggest that moneys have been spent over a period of years in that program and therefore it falls within the mandate of this committee to look at that program.

Mr. Chairman: At this stage, if we are in agreement--we have a few minutes and I would like to go until 12:30--we can go in camera and deal with the matters that I mentioned to you earlier. Are we in agreement?

Agreed to.

The committee continued in camera at 12:12 p.m.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

IDEA CORP.

THURSDAY, NOVEMBER 13, 1986

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Barlow, W. W. (Cambridge PC)
Callahan, R. V. (Brampton L)
Davis, W. C. (Scarborough Centre PC)
Epp, H. A. (Waterloo North L)
Mancini, R. (Essex South L)
Philip, E. T. (Etobicoke NDP)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Hennessy, M. (Fort William PC) for Mr. Gillies
Pollock, J. (Hastings-Peterborough PC) for Mr. Barlow

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Development Corporations:

MacKinnon, D., Executive Director and Chief Executive Officer
Cass, B. E., Director, Legal Services
Winter, F. R., Director, Special Financial Services

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

LFGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUPLIC ACCOUNTS

Thursday, November 13, 1986

The committee met at 9:43 a.m. in room 151.

IDEA CORP.

Mr. Chairman: We have a quorum. Perhaps we can get under way and welcome Mr. MacKinnon, Mr. Winter and Mr. Cass. Mr. MacKinnon, this part of the meeting is being held at your request to bring the committee up to date, so we turn it over to you at this point.

Mr. MacKinnon: If it is agreeable, I would like to read a short statement to bring the committee up to date on matters relating to the development of Wyda Systems, which is the main subject I would like to address today.

On October 1, Mr. Chairman, I wrote to you describing the views of the corporation with respect to the continued investigation into Wyda and related matters. At that time I think I indicated concerns about the practicality of further detailed investigations of a nonspecific nature, both in terms of the specific practicality of the investigations themselves and in terms of the effect further inquiries may have on the company.

During our last session, two or three weeks ago, I also indicated that the company's development was proceeding as planned at the time the initial investment by the Innovative Development for Employment Advancement Corp. was made. At that time, we also discussed the status of the next round of investments. Members will recall that in June the IDEA Corp. board approved further investments of \$250,000, subject to the company meeting certain milestones and subject to certain other conditions.

At that time, I indicated to the committee that we would be faced with some decision-making with respect to those commitments very soon. That time appears to be very close at this point and the corporation feels that in terms of the possibilities that face it, the corporation is caught in a very tricky dilemma.

On the one hand, we recognize our responsibility to manage the investments we have inherited from the IDEA Corp. We have taken quite a fresh view to the management of each of those investments. On the other hand, we also recognize very clearly our responsibility to facilitate the inquiries of the Legislature or any of its committees which, for the officials of any crown corporation, clearly has to be a responsibility of the first rank.

To fulfil that responsibility, in recent days we have had several meetings with Wyda Systems with respect to a letter that the Provincial Auditor sent to it seeking additional information. We have made several requests of the company in our capacity as shareholders and four of them are particularly significant.

First, we have asked the company to be as forthcoming as possible in relation to its answers to the Provincial Auditor's letter. Second, in cases where it did not feel it possible to supply information or to otherwise

respond to the letter, we have asked the company to specify as clearly as it can its logic and the reasons for its position. Third, because of the pressure of events, we asked the company to act with dispatch. Fourth, we repeated our previous emphasis on the need to deal courteously and respectfully with the committee of the Legislature at all times.

Yesterday, the Provincial Auditor and company officials met under our auspices to consider the auditor's letter to Wyda. It is fair to say that the meeting was a fairly tough-minded meeting, but constructive in tone. The company has agreed to entertain a specific list of information needs that Mr. Archer has agreed to draw up. I anticipate that inquiry process will move forward in a reasonably normal way.

Turning for a moment from those discussions to the company itself, the facts of the company's development at this point are:

First, it has met the guidelines established by the IDEA Corp. board in June. I do not think it is necessary to repeat those guidelines in great detail. The guidelines, as you will know from the testimony over the course of the summer, involved testing of prototype work stations and their installation in major companies to determine whether they work.

Second, the company is willing to agree to the three conditions on page 65 of the report of the standing committee on public accounts. I will read those conditions: "(1) Wyda key personnel and its product remain in Ontario; (2) Wyda be the sole beneficiary of all revenue associated with the sale of its product when marketed;" (3) future capital invested in Wyda be used exclusively to develop further and market the product and not to be used to serve and/or retire debts of the type in existence and which were retired immediately prior to the investment closing."

09:50

The standing committee's full comment is, "If IDEA's enthusiasm for Wyda's product is even in part justifiable, then it appears...that the investment was certainly consistent with IDEA's mandate and may well enhance the economic growth of this province provided that sufficient steps have been...taken to ensure that" the three conditions are fulfilled.

I should report the nature of the IDEA Corp. decision with respect to the further investment. The board actually approved it, but subject to the milestones, so there is a fairly firm undertaking by the IDEA board to proceed before June 30.

Those are the present facts of the matter. The only additional observation I make is that most companies at the stage of development Wyda is currently at have very heavy financial needs to develop the company and its products and to market them. Typically, cash inflows at this stage in development are very important to the evolution of the company. At the present time, Wyda has those needs.

I would like to describe, in a neutral way, the three options we believe face the corporation and to seek guidance from the committee, because of its historic interest in the case, in inspecting those three options.

First, we could decide not to proceed with the investment at this point. We could operate like any other venture capitalist in managing the portfolio. If we did so, the existence of this inquiry and the further inquiries now

being sought into Wyda would cause us to stay away from the investment until the matter was completely cleared up.

We find, in our lending operations in other instances, that there are parallels to the present case. Normally, for example, if one of our potential borrowers is involved in a dispute with any regulatory authority at any of the senior levels of government in Canada, we find it very difficult to lend money pending the resolution of such a dispute. We would not, for example, want to lend money to a company involved in an investigation by the Ministry of the Environment because we would clearly run the risk of funding a company that is not contributing to objectives that governments find to be very important. The problem with making a decision not to proceed with the investment is that the company, as I mentioned, has heavy financial needs characteristic of most companies at this stage of its development. The needs of the company are urgent.

The second option is that we could proceed with the investment after we have satisfied ourselves with respect to what we call and what lawyers would call "due diligence," based on the recognition that the IDEA promise to invest was something close to a contract, that the company appears to have performed in a manner close to that envisaged by the IDEA board and that the company's prospects for generating jobs and income in Ontario seem to be good.

The problem with that course of action is that the committee still has the need for information. Our funding could be seen by some as a vindication of the company, despite the fact that the committee is not satisfied. We would not want to be in that position. The last thing we would want is to be or to appear to be in conflict with or not facilitating the efforts of a committee of the Legislature. Proceeding with the investment could be viewed by some in that light.

The third option--there may be a variety of options but I will talk only about a third one--is that we could come up with some interim steps. If this committee still feels the three conditions described on page 65 of the Caplan report form a reasonable basis on which to provide additional investment, we could provide an interim loan, perhaps for a short period of up to a month, based on those conditions and set a deadline of that time for the present inquiries to be completed.

This option, if we choose it, would recognize the genuine merit that we and the committee, during the course of its deliberations over the summer, saw in the company and let us keep it going and developing for a reasonable period of time while the Provincial Auditor proceeds with his inquiries. The problem with this option is that it does not accord with the plans originally envisaged by the IDEA Corp. board. It may not be fully appropriate to the company's needs at this stage. It also confuses our role of investor and lender, which I may have mentioned at our last meeting. We do not like to blur that role in any one company.

We view this situation as being a most unusual one. Our only concern is that there is \$3 million invested in this company. We would like to find a way to reconcile our objectives of preserving and enhancing that investment, but also developing our role as servants of this Legislature and its committees. We would like to have a sense of how the committee views these options and which of them it thinks is most appropriate with respect to its objectives. Ideally--no pun intended--we would also appreciate a sense that the choice would not later become a cause for public controversy.

I have tried to present the options in a neutral way. We feel genuinely caught in a very difficult place and we would welcome the committee's guidance on how the conflicting public objectives involved in this matter can be resolved.

Mr. Chairman: Thank you, Mr. MacKinnon. A number of members have indicated a desire to comment and ask some questions.

Mr. Philip: I gather we do not have a printout of the statement, is that correct, Mr. Chairman?

Mr. Chairman: No, we do not.

Mr. Philip: From the early part of your statement, I recall from memory that you said you had a very firm undertaking. Then you said, "We are coming here to seek the committee's advice." I am wondering what effect this committee's advice will have on you if you have a very firm undertaking.

Mr. MacKinnon: I did not say a contract. There is room for legal and commercial interpretation of the exact nature of the decision taken by the IDEA Corp. board, but we do not have a firm, ironclad contract in the full sense of that word. Therefore, we have some freedom of action.

Mr. Philip: What do you have? What is the very firm undertaking?

Mr. MacKinnon: The IDEA board approved two additional rounds of investment in the company, each for \$250,000, conditional upon meeting certain operational milestones of the type I have mentioned, but also conditional upon matching funds at a matching time from the principals of the company. That is the decision that was made.

Mr. Philip: Is it your opinion that a board of directors' decision is legally binding on IDEA Corp.?

Mr. MacKinnon: As is normal in a case such as this, the exact lettering of the offer and the communication to the company leaves some discretion for both parties.

Mr. Philip: Suppose Wyda meets the conditions set out in the motion you passed. Are you under a legal obligation to pay the money?

Mr. MacKinnon: Mr. Cass, our director of legal services, may have a supplementary comment, but in my opinion, we have room for some discretion with respect to that, although the extent to which that room exists would be open to further detailed discussion among lawyers and accountants. Mr. Cass, do you have any observations?

Mr. Cass: That sets it out. The approval of the board of directors was followed by a letter of commitment that outlined the different conditions upon which the moneys would be made available to the companies, and as Mr. MacKinnon said, those conditions have been met. There is a caveat in the letter that talks about satisfactory legal documentation. When you follow that through, you revert back to the documentation they signed originally. It is the normal type of documentation with respect to a subscription of shares or a share purchase that has representations of a company, conditions related to the investment, such as no material adverse change, and that type of thing. All those clauses, if examined thoroughly and in the light of the evidence

relating to the uncertainty of the company, could give us a cause to withdraw from the commitment.

10:00

Mr. Philip: You use the word "could." I am not a corporate lawyer, but I do have some business background. If I make a conditional offer to someone and that other business person meets those conditions, I am obliged to go through with the contract or I suffer a penalty for not going through with the contract. You are saying that you have something in that conditional offer that allows you to get out of it even if Wyda meets the conditions?

Mr. Cass: No. I would not say it allows us to "get out of it." I have indicated that those are the three major conditions the company was to comply with. It is also subject to the general conditions that any company is subject to when an investment is made. They relate basically to the company being in the same state of affairs as it was when the commitment was made--for instance, the same financial condition and the same future prospects.

Many times when a commitment is made that predates the actual investment by three or four months, as it has in this case, the investor just wants to make sure the company three or four months from the date the commitment was made is the same company it was when the decision was made. It may turn out that the company is not in exactly the same condition now as it was when the commitment was made. That is covered off in the legal agreement and the conditions.

In my view, it is a perfectly normal arrangement and condition that has to be satisfied by the company. The company is telling us that, because of what has gone on, there may have been a deterioration of the company. This would allow us to revisit the decision and perhaps not make the investment. That is the nature of the type of decision we have to make. It would not be a reneging. It would be, as Mr. MacKinnon has said, a due diligence that we would take which, from what we hear, the company may not be able to satisfy.

Mr. MacKinnon: Mr. Philip, if I may make a supplementary observation to that in terms of the thrust of your question, I would agree with what I take to be the background to your observation, which is that there is a fairly substantial commitment by the crown, made through a crown agency, to do something. Regardless of its exact nature and all the legal imponderables, we feel there is a commitment of some substance there. However, we also feel there is clearly a responsibility that has almost equal force or equal force.

On the other side of the equation, it is for us to stay very clear--as clear as we can--of any investigation by a legislative committee and to be as supportive as possible. Under some conditions, proceeding with the investment now could be seen to be at variance with that responsibility. That is why I refer to our position now as being a dilemma of a rather fine nature. We think we are caught amidst two or three very important conflicting objectives.

Mr. Philip: I can imagine a lawyer's delight in measuring future prospects as compared to five months ago and the number of court hours that would be taken up dealing with testimony in trying to measure that. I am not a lawyer, but I have witnessed some of these cases over the years. I see one of our committee members, who is a lawyer, smiling and realizing he would love to have one of those cases because there would be an awful lot of money involved. You are really saying that you are in whether we like it or not, are you not?

Mr. MacKinnon: No, that is not what we are saying. I agreed last time that, in deference to present company, we would make no further observations about lawyers, but we feel we have a commitment of some substance. We also feel, and the government feels--I think I can safely say this from my discussions with the deputy minister of industry on the matter; we have obviously discussed it in some detail--that it would want any investigation of this matter or any other matter by a legislative committee to be carried out to the satisfaction of that committee without any decision-making by a government agency or board that could be seen or construed to be an obstruction or a failure to co-operate with us. That is what we are saying. We are caught between those two very clear imperatives.

Mr. Philip: You said one of your options was not to proceed. You are really coming to this committee to tell us, or try to convince us, that this option is not viable, are you not?

Mr. MacKinnon: I am not trying to do that. I stated the options in a manner that I hope was studiously neutral. I have not indicated what our preference is, nor will I. In terms of the policy of the government, though, it is that no agency of the government should be seen to be, or ever get into a position of being, in conflict with or insufficiently supportive of an investigation by a legislative committee. That is clear.

It is also clear that the commitment made by the IDEA Corp. board was a commitment of some standing, made by the crown through an agency to another party with good faith on both sides. We are caught between both.

Mr. Philip: What happens to you if, as a result of the Provincial Auditor's inquiry, he discovers or concludes that a major portion of that \$3 million was used to pay off debt rather than to fulfil the purposes and objectives of the IDEA Corp.? What happens now that you have committed--or have a very firm undertaking, to use your words--of another \$500,000?

Mr. MacKinnon: There are a variety of answers to that question. Clearly, if we proceeded with that investment, with the concurrence of the committee and the government, and later it went astray for reasons related to wrongdoing, malfeasance or something of that sort, then we would carry the responsibility that we carry in the hundreds of other cases we go through yearly to make sure that we check on the facts with due diligence and that we do our homework. We face that as a matter of routine business. We would do it.

I would like to make a couple of comments on the phrasing of your question. First of all, sometimes the retirement of debt on the balance sheet of a company by new investment can be a very sound contribution to the development of that company.

Second, as we discussed at our last presentation in the room, we look at whether the company and its principals have a significant amount at risk. We are satisfied that they do. We would satisfy ourselves further before we moved.

Those are the two observations I would make in response to your question.

Mr. Philip: Let me ask you two questions. I am not a lawyer, so I am asking you questions in layman's language. If I were a layman out there trying to understand this from a layman's point of view, the guy on the street out there says: "I do not understand this. IDEA Corp. is set up to pay for and develop new ideas, new technology--in a sense, to pay for creativity. Creativity, ideas or inventiveness, in the case of Wyda, were not in a

company, in Wyda, but in the head of one man. Therefore, why is the investment going to pay off a debt when a new corporation could be formed and you could develop the technology under a different form using the same person?"

10:10

Mr. Callahan: Would you transfer the assets? How would you get the assets to the other corporation?

Mr. Philip: There are no assets. There are very few assets.

Mr. Callahan: Then what is the point of forming a new corporation?

Mr. Chairman: We are not going to have cross-committee conversations--

Mr. Philip: That is precisely the kind of question that Mr. Pope and I have been asking.

Mr. Chairman: Order. If you want to continue, Mr. Philip, you will direct your questions to Mr. MacKinnon and he will respond. We are not going to get into this kind of discussion.

Mr. Philip: I am glad one of the Liberals has finally woken up to some of the questions the New Democrats and Conservatives have been trying to get answers to.

Mr. MacKinnon: I will make a couple of observations. First of all, the problem of intellectual assets being the only assets of the company is a problem we had all better get used to. Particularly with the technological changes under way, we are seeing more and more companies of that kind.

Second, past debt, capital expenditures of any kind, all bear the same relation to the development of an intellectual product as they do to the development of any other product, including those of a hard nature. With respect to the kind or level of expenditures necessary, there is not a lot of difference between investing in a computer software company that has developed a new and specialized product and investing in a fibre optics company that has developed a new fibre optics method of electronic controls. That would be my general observation.

Mr. Philip: I am asking you from a layman's point of view why you could not have allowed Wyda to go under, hired the principal people in Wyda, whose ideas were essentially in their heads or in their own personal possession, and developed a new corporation with a new technology without paying off all of Wyda's debts. Why do you have to pay a guy's bills to hire him to be creative and create new things?

Mr. MacKinnon: I recall that we discussed in detail two weeks ago the idea that the relationship of the debts to the company is a question open to wide degrees of interpretation. We have noticed the testimony over the course of the summer; we have read it; we see what is there. From our point of view, as I mentioned, the retirement of the debt is closely related to the valuation of certain assets of the company, particularly computer hardware and software. It is very hard to determine the exact value of those pieces of equipment. Under those conditions, we do not think precise answers to those valuation questions, and hence to the debt retirement question, are possible.

We assume that if they were possible, they would have developed over the course of the summer in the testimony before the committee.

Mr. Philip: Maybe they will develop in the course of the auditor's investigation.

Let me ask you a second question from a layman's point of view. If Wyda was such a great investment, if you people were so much on your toes, why was it that you did not incorporate the extra \$500,000 you are now going after in your original investment?

Mr. MacKinnon: I hope you do not mind if I object in a minor way to the phrasing of the question. We were not the people who made the investment.

Mr. Philip: I am not talking about you. I am talking about "you" in the corporate sense rather than "you" in the personal sense.

Mr. MacKinnon: Neither "we" in the personal sense nor "we" in the corporate sense were involved in the investment decision. We had nothing whatsoever to do with it. We inherited this investment on July 1.

Mr. Philip: I recognize that and I accept it, but "you" in the corporate sense have been the inheritors of the original IDEA Corp. Why did IDEA Corp. not understand that instead of \$3 million, \$3.5 million was needed to deal with it properly in the first place?

Mr. MacKinnon: It is a traditional practice in the venture capital business or in investments of this type that money is made available only upon the corporation's having met certain targets set for it. That is responsible investment decision-making. If the whole amount of money is provided up front, first, the handle one needs to have on what is actually going on is not there; second, the leverage on the principals of the company is lost.

Mr. Philip: In this case, though, money is being made available not up front but on a conditional basis. Why could it not have been made on the same conditional basis way back when the original investment was made? I do not see the difference.

Mr. MacKinnon: It is possible that different arrangements could have been contemplated when the \$3 million was invested.

Mr. Pope: That is as close as you are going to get to a condemnation of the IDEA investment decision.

Mr. MacKinnon: I am not condemning.

Mr. Pope: Oh, come on.

Mr. MacKinnon: I am merely noting that it is possible that the \$3 million could have flowed in a different way. I can think of several different ways.

Mr. Philip: I imagine we all could.

I have taken up a lot of time. I wanted to go into options 2 and 3, but in fairness to Mr. Pope, I should allow him to proceed with that.

Mr. Chairman: Mr. Pope and then Mr. Callahan.

Mr. Pope: May I ask a question of you, Mr. Chairman? This was originally supposed to be an in camera session.

Mr. Chairman: Yes.

Mr. Pope: Can you help me understand why it is now a public session?

Mr. Chairman: Mr. MacKinnon indicated that he had no--I think it was actually your wish, Mr. MacKinnon, that it be an open session and that if we ran into areas about which you had some concern, we would at that point, at Mr. MacKinnon's request, consider going on in camera.

Mr. Pope: My first question is: How many orders for the product has Wyda received?

Mr. MacKinnon: The product has not completed testing. The beta testing program still remains to be completed. We would not expect orders to come until that had happened.

Mr. Pope: Was this testing program scheduled, to your knowledge? Was the time schedule fixed at the time of the original IDEA investment? Has there been any change in the testing schedule?

I want to tell you why I am asking the question. We were told that the product would be sold by the end of this year.

Mr. MacKinnon: The answer to the question is yes in both cases. Yes, a timetable had been fixed; yes, it has, or significant parts of it, have changed.

Mr. Pope: How many testing sites are there?

Mr. MacKinnon: Could you answer that question?

Mr. Winter: As part of their development, there is the alpha test, which is essentially a prototype testing. That has been completed. The next stage, which was scheduled to start in December--it will now be postponed a month or two--is beta testing. There they place the product with a major user, in this case a company with a minimum of 500 employees. It is a large-scale operation. That practical, in-use testing would go on for two or three months. That purchaser, upon completion of satisfactory tests, would be the first buyer of the product.

Mr. Pope: Therefore, six weeks from now, they will be into beta testing. We should know how many companies are involved in the beta testing program.

Mr. Winter: There would probably be only one company initially in the beta test.

Mr. Pope: Has it been signed up?

Mr. Winter: That has not been signed yet.

Mr. MacKinnon: But I think it is fair to add that there have been some substantive negotiations on that point.

Mr. Pope: There is one client for testing purposes and that is it. That is not firm. I mean, it is not signed up.

Mr. MacKinnon: That must be signed up. That is a condition of the second stage, the second \$250,000 committed by the IDEA board.

Mr. Pope: Is that test site a private company?

Mr. MacKinnon: I do not want to name the company, but in terms of the negotiations that I understood have taken place, yes, it is.

Mr. Winter: It would be a private sector company, not necessarily private in that it is not a public company. It would be a private sector company.

Mr. Pope: Is it a public corporation or not?

Mr. MacKinnon: The answer to that question is yes, it is.

Mr. Pope: Are there shares held by the government of Ontario?

Mr. MacKinnon: There would be none--

Mr. Winter: None that I know of.

Mr. MacKinnon: None that we know of. We would have to verify that. The government of Ontario would certainly not control that corporation, if that is what I take to be the intent of your question.

10:20

Mr. Pope: I want to know what is going on in more detail. We can carry on in camera or we can do it in public.

Mr. MacKinnon: This is a matter that the company has under active commercial negotiation with a private sector but publicly owned corporation. I think it would be inappropriate for us to name that company either in camera or in public, certainly not without much more detailed exploration of the consequences.

Mr. Pope: Let me put it this way: For those who have not been here throughout, we went to in camera sessions many times to receive confidential commercial information. I defy anyone to indicate that any of this information has ever found its way into the media or that it has been reported. All members of the committee from all parties have been very careful in following that course of conduct. Nothing that has been told us in confidence has ever ended up in the press. This is a public meeting at your request, and we now find--I will put it in general terms--that a public corporation is the only potential client at this time, even for the beta testing program. You want us to deal with an additional investment of \$500,000. Is that the situation? Is that correct?

Mr. MacKinnon: In my understanding, I would put it quite differently. The way I would put it is that the company is developing a normal testing program as envisaged by the IDEA Corp. board, in the exact manner

envisioned by that board. Perhaps I could digress for few moments to talk about this industry and why at times we, at times this company and at times others are not as forthcoming as some would wish us to be and as we would like to be.

First, you are dealing with a product that is technologically innovative. You are dealing with financial data that bear heavily on the bargaining position of the company in relation not only to potential investors but also in relation to potential customers. In this case and in some others, you are dealing with matters that come very close to the personal privacy interests of the principals of the company concerned. There are a great many reasons that data relating to commercial confidentiality or personal privacy should not be revealed any more than to the extent possible.

Concerning the intent of your question, Mr. Pope, the testing program envisaged by IDEA was that it would be in a major company, a major company being defined by the IDEA board as one having certain characteristics. Mr. Dobzinski and his colleagues have met that. It is a testing program, and the IDEA Corp. board, with competent advice, decided that a testing program of defined characteristics and a certain type of company would be an appropriate milestone.

The exact name of the company that agrees to be the forum, or the place in which the testing program takes place, I would submit, is not vital to the decision-making process we are contemplating. All that is necessary is that the company meet the original tests and, if a further investment is to flow, that it meet those additional criteria that we may decide to impose as part of that process.

We are not trying to avoid giving information. I stress this. We are trying to provide as much information as possible, particularly in an open forum, but we are caught. I feel that the exact name of the company is not vital at this stage to the resolution of the questions we have been discussing.

Mr. Pope: I understand the commercially valuable information restriction and I understand the personal privacy restriction. All members of this committee did, and they have abided by it on many occasions during the last six months when we were dealing with this investigation. I reiterate that we have never once breached confidentiality, not that I am aware of.

When do you expect the beta testing program to be completed?

Mr. MacKinnon: The beta testing will probably start in January and will continue for two or three months.

Mr. Pope: What is the next step then?

Mr. Winter: During that phase there would be additional fund-raising and marketing, and then the company would be in a position to start selling.

Mr. MacKinnon: If I may add a supplement, there are some additional requirements. The additions and suggestions by IDEA Corp. for the flowing of funds were conditional upon a certain strengthening in the management of the corporation in certain defined ways. That is also something we would, of course, want to review at this point.

Mr. Pope: Does that include the--you see, I do not want to ask that question.

Mr. MacKinnon: Basically, the strengthening of management would be in ways that, as you mentioned, enhanced the ability of the company to market its product and to market the company itself to private venture capitalists. Does that help?

Mr. Pope: Better said than I could have. When was the letter of commitment sent?

Mr. MacKinnon: The exact sequence, as I recall it, was that a letter describing the parameters of the deal was sent on June 16 by IDEA to Mr. Dobzinski, the president of the company. Subsequent discussions and deliberations by the IDEA board significantly altered the nature of the proposal under discussion and described in that letter. Later an IDEA board minute, which would be the operative document governing the conditions of the investment, was passed. That minute describes in detail the amounts involved in the investment and the condition. Of course, we could make all this documentation available.

Mr. Pope: Would you, please? Is there anything subsequent to the IDEA board minute by way of correspondence from yourselves, or are you just trying to clean up an outstanding IDEA commitment as you understand it?

Mr. MacKinnon: The answer to that part of the question is that we have not altered in any fundamental way the nature of the agreement reached at that time between the company and IDEA, because we do not have the discretion to do so. From time to time Mr. Winter has been present at company deliberations of various kinds. We have, of course, been in regular contact with Mr. Dobzinski, but the original terms and conditions established by IDEA still remain valid in every detail. I believe that is correct.

Mr. Pope: Has there been any written communication between yourselves and Wyda since the board decision?

Mr. MacKinnon: There have been many communications.

Mr. Pope: Has there been written communication confirming the commitment or the terms of the commitment?

Mr. MacKinnon: We would not have viewed that as necessary.

Mr. Philip: May I ask a supplementary? I wonder whether you can answer this. Perhaps you cannot, because you are indirectly, rather than directly, involved. If the letter of intent was sent on June 16, why was that not revealed to this committee by the principals of IDEA Corp. when we were conducting our inquiries a month and a half later? Why is it that we are only finding out about this extra \$500,000 now? Can you answer that question?

10:30

Mr. MacKinnon: First of all, it is described in some detail on page 65 of the Caplan report, so it did come up before the committee during the course of the summer, because the issue is explored in detail.

Mr. Philip: The issue of their possibly requiring additional funding is explored. I do not believe that the specific--

Mr. Pope: I was trying to get to that. Is this the \$500,000 referred to inferentially by Daryl Logan a couple of times during his testimony? Is

this what we are dealing with? You presented it to us as if it were a brand-new commitment when you came in here.

Mr. MacKinnon: I did not mean to convey that. That is the commitment described on pages 64 and 65 of the select committee report on the nature of further investment. I will read the relevant sections here: "That is best evidenced by the subsequent decision of the IDEA board of directors to invest a further half million dollars in Wyda on fulfilment of certain conditions."

Mr. Pope: That is what we are talking about.

Mr. MacKinnon: Yes, but take one point of clarification: We are talking about two lumps of \$250,000 rather than one lump of \$500,000. That is important in the context of the current discussion.

Mr. Philip: This is not another commitment on top of the original commitments. That was the impression, and I see nods from all three parties.

Mr. Callahan: You did not get a nod from me, Ed.

Mr. Hennessy: You are asleep.

Mr. Callahan: It is eminently clear what was going on.

Mr. MacKinnon: Mr. Philip, would it be helpful if I summarized all the facts of that matter for the record, or is it now clear? The commitment is not new. It is an old commitment by the IDEA board made in late June. It is for two investments of \$250,000, totalling \$500,000, conditional upon certain milestones respecting the development and testing of the product and the strengthening of the management of the company.

Mr. Winter reminds me that in both cases, the additional amount by IDEA, \$250,000 and \$250,000, would be matched by an equivalent amount at the same time from the principals of the company. Thus, we are talking about total additional investment in the company of \$1 million. I hope I have made that point clear.

Mr. Pope: Since we are now dealing with Wyda, with respect to this additional \$500,000 investment, have you had the opportunity to verify the debt that was owing to Budgrove? Has that debt been investigated as part of the process?

Mr. MacKinnon: There are several answers to the question. First, we are satisfied that, beyond a certain point, it is difficult to investigate the matter precisely enough to resolve all questions.

Second, any decision we would make would be based on the commercial viability of the company. We have followed its progress fairly closely over the last three months.

Third, we have volunteered to help the Provincial Auditor in the inquiry you have asked him to undertake. Under our initiative and our umbrella, we have arranged for a meeting between the auditor and the company. No matter what happens with the commercial decision-making, we will continue to facilitate anything the Provincial Auditor is asked to do by the committee. Indeed, if I may make an observation that could be critical to the outcome of the discussion, any decision made on this funding now could proceed without any termination of inquiries you may wish to make.

Mr. Pope: What is the \$500,000 for?

Mr. MacKinnon: The \$500,000 is for a variety of general operations of the company. We have scrutinized its month-to-month financial statements in recent months and noted the changes therein, and we have satisfied ourselves that the investment is needed to develop the company's product at this time. We would satisfy ourselves to a degree of precision of the exact disposition of any funds we advance.

Mr. Pope: What is the monthly operating budget now for the company? I ask that because public documentation is already available to the committee that the monthly budget in May 1986 was more than \$450,000 and by June it was down to \$175,000 a month. What it is now?

Mr. MacKinnon: Let me take a moment to choose my words carefully. The levels are down significantly. The company is at a slower level of activity than it has been at previous stages. That is a reflection of the urgency of the problem with which we must deal.

Mr. Pope: Okay; I understand. Are you the shareholder of the company that is doing the testing?

Mr. MacKinnon: It would interest me greatly if I discovered interference in the testing, Mr. Pope.

Mr. Pope: I am talking about the site of the testing.

Mr. MacKinnon: Are you asking whether it is a department or agency of the government of Ontario that is doing the testing?

Mr. Pope: No. I am asking whether you are one of the shareholders of the company that is the site for the testing.

Mr. Epp: Do you mean the Ontario Development Corp.?

Mr. Pope: Yes.

Interjection.

Mr. Pope: No, ODC.

Mr. MacKinnon: Regarding the site the company is negotiating with, I should emphasize that, to my understanding, a deal has not been struck. However, we are not a shareholder of the company with which we understand Wyda is negotiating. It is always possible that, given the nature of the company, the government of Ontario in some incidental way, through some pension fund somewhere or something, would have a peripheral involvement; but that is highly improbable, in my judgement. If it did happen, it would be strictly incidental. We do not know about it, so there can be no influence.

Mr. Pope: I will put on the record--and I understand your response--that I think this committee, in some manner, should know who this public corporation is. It is important because at this point there is \$3 million in taxpayers' money in there. We have already made our position clear with respect to how we felt the \$7 million was spent. We now have one client, and that is not even locked up. It is a public corporation in your definition, and I will leave that request for the name of the company on the record.

Mr. MacKinnon: Mr. Pope, perhaps I can make one suggestion in that respect. We will go back and review the matter with the company. We can undertake to provide the name of the company to the Provincial Auditor at the very least and play it from there. I emphasize that there is no desire to withhold that or any other piece of information for any reason other than commercial confidentiality.

Mr. Pope: Yes, I understand that.

Mr. Winter: To clarify, by "public company" we mean a company owned by the public, not by government.

Mr. Pope: You mean--

Mr. Winter: A private sector company with shares that are publicly held.

Mr. Pope: You are talking about something that is listed under the Ontario Securities Commission.

Mr. Winter: Something that is listed on the exchange or that kind of company, but in no way a government-controlled company.

Mr. Pope: Yes.

10:40

Mr. Callahan: Mr. MacKinnon, is ODC normally just a repository of things such as this, or do you front money on a financing arrangement?

Mr. MacKinnon: We are involved in different ways. Sometimes the government acquires shares or equity ownership in a corporation, for whatever reason. The acquisition can happen as a result of a bailout scheme or anything such as that, a renegotiation of debt or whatever, and the government is a party to it. I think we sometimes hold shares in such companies. That is the first way we get involved.

Second, the new Innovation Ontario Corp. is very closely linked to the three existing development corporations. For example, I am the chief executive officer of it. In that capacity we make very small-scale equity capital investments. Because of our experience in managing equity, as a result of the bailout schemes, and our experience in planning and lending which bears closely on this kind of decision-making, we could not be looked upon as a repository and we have been active managers of the portfolio based on a significant experience base. I should add that the dimensions of this portfolio have made it necessary for us to augment that base considerably.

Mr. Callahan: You are saying that the ODC has considerable experience in the lending of money and the management or the decision-making in terms of whether an investment is a good one or a bad one.

Mr. MacKinnon: That is fair.

Mr. Callahan: You received this as a handover from the IDEA Corp. You obviously examined it to determine whether the decision was a good one or a bad one. What decision did you come to?

Mr. MacKinnon: The decision we came to was the one I reported here

three weeks ago. At that time, we felt the company was developing in a satisfactory manner. We had a product that showed significant potential and there were some sources of independent advice available to us with respect to the latter question. While we are always concerned about a company and its affairs, on balance we were hopeful about how this one would develop.

Mr. Callahan: Do I gather you are here because the matter is being looked into at present by the auditor to determine what happened to the \$3 million? You are concerned about making a further investment, not from a financial or securities standpoint but from the standpoint of being perceived by the auditor as interfering with the proceedings.

Mr. MacKinnon: It is fair to say that. We would make this decision, as we indeed have made others of a similar nature, in a fairly straightforward way. We will be held accountable in due course by our board, the ministry and the government for how that is done. We are here because we feel ourselves caught between two very difficult and conflicting objectives. I go back to the government's policy in the matter because it is the guiding influence on what we are doing. The government does not want to do or be seen to do anything that would in any way impede or appear to be unsupportive of an inquiry of this by the committee, any other committee of the Legislature, and indeed the Legislature itself.

Mr. Callahan: For a moment, let us say that was not being done. Would you have any difficulty with making this as a good, sound business decision without having to come to us to give you directions?

Mr. MacKinnon: We would make it a sound business decision. We would go through the two options I have mentioned. In the abstract, when we looked into it with all our due diligence and all those sorts of things, we might decide not to. On the other hand, we might be in exactly the same position as we were in three weeks ago when I reported on how we were looking at it then. We might regard it very positively, but we would have no difficulty making a decision. We would make a decision cleanly and quickly.

Mr. Callahan: I assumed you had done this examination and as a business decision, you were prepared to advance the further findings. The only reason for being here was, as you stated, that you did not want to be perceived as interfering with the mandate or the objective of a legislative committee.

Mr. MacKinnon: It is fair to say, and I think our detailed answers at this session and at the previous session demonstrate, that we understand quite closely the nature of the companies or the investment decisions we are faced with. Even a straight commercial decision is not a straightforward matter. Let me abstract for a moment from the affairs of this company. If a venture capitalist at the corner of King and Bay downtown is looking at a company and deciding whether he or she is going to invest in it, the existence of a--

Mr. Callahan: Inquiry or lawsuit.

Mr. MacKinnon: An inquiry is not just a political matter to be considered. It has very real bottom-line implications because it means something is hanging over that company that could affect the value of your investment. We would have to make that judgement too. At some level in relation to company X we might say, "Company X is a very valuable but good investment strictly on the merits of the product and its market." We might

also decide that since company X is involved in a dispute with the Ministry of the Environment, we would not invest in it.

Mr. Callahan: Let me take that fact out of the mix. Let us say there was not a hearing or any potential fallout from a hearing of this legislative committee. Let us say you were making it strictly as a--

Mr. Chairman: Mr. Callahan, let me encourage the members who are carrying on all these side conversations to go outside the room, because I am sure it is difficult for the witness, let alone the members, to hear what is happening here.

Mr. Callahan: Let us take everything out of the mix that is there now, especially the legislative committee and the Provincial Auditor. On a strict management decision based on what you know about the product, about what has gone on thus far and about the potential contracts you tell us about and so on, would you have any difficulty making that management decision to advance the additional moneys?

Mr. MacKinnon: The best observation I can make is to repeat the observation I made three weeks ago. We are generally satisfied with the development of the company.

Mr. Callahan: I am not sure what that means.

Mr. MacKinnon: It means we would have to do some additional work before an actual decision could be made and flowed, but generally the company has met its commitments.

Mr. Callahan: Thank you. What I am getting is that you would not feel as though you were just pumping money into a bottomless well or anything?

Mr. MacKinnon: No, we would not.

Mr. Callahan: Even though IDEA Corp. started out with this endeavour, ODC has obviously investigated it in trying to manage the portfolio as best it can. Is it uncommon in your experience that when you are dealing with an idea as opposed to a physical, tangible product, considerable startup costs would have been envisaged by IDEA Corp.?

Mr. MacKinnon: Absolutely.

Mr. Callahan: Mr. Philip asked about the moneys that flowed out of the \$3 million. Would it be fair to say that those moneys might be looked upon to a large extent as research and development money?

Mr. MacKinnon: Yes. Perhaps I can correct an impression I may have left from the earlier exchange with Mr. Pope. When I indicated I could contemplate other ways in which that \$3-million investment could have flowed, I was not in any way trying to be critical, as he observed, of the IDEA Corp. decision. The fact of the matter is that many of the initial expenditures are up front. The money did flow as a result of a bargain struck among equals in relation to the examination that IDEA Corp. did. As you suggest, it is quite reasonable to say that the startup expenses at that time would have been very substantial.

Mr. Callahan: You will have to forgive me. I may be going over old ground because I was not part of this committee during the previous inquiries.

What number of employees would they have had at any one time, maximum and perhaps minimum?

Mr. MacKinnon: The proper answer would be in the high 20s. That is a matter we will have to check into and we will advise if there is any difference.

Mr. Callahan: Would these be people with any particular technical skill to participate in this program?

Mr. MacKinnon: They are very specialized people.

Mr. Callahan: They are not hourly waged employees?

Mr. MacKinnon: These would be people with very advanced technical and business qualifications of the highest order.

Mr. Callahan: Is it correct these would not necessarily be people who had any interest in the company or any personal interest in the product? Would they be people brought in as employees or as executive employees?

10:50

Mr. MacKinnon: I imagine if it is typical of companies at this stage, some arrangements would have been made for participation in equity. I do not know that. They are frequently made in these cases. If that is a question you wish us to pursue, we will get back to you.

Mr. Callahan: Obviously, it does not apply to all 20 of them.

Mr. MacKinnon: No, I would not think so.

Mr. Callahan: Would these be people with a background in computer technology?

Mr. MacKinnon: They would be PhDs in computer technology and electronics-related disciplines and sciences. They would be people with advanced business training.

Mr. Callahan: They would be people with considerably higher salaries than one would envisage in the normal manufacturing operation.

Mr. MacKinnon: Or in the normal government agency.

Mr. Callahan: Or in politics. To a large extent, would salaries, startup costs and the research and development of the product account for costs?

Mr. MacKinnon: The human resource costs in this kind of company would be a very big chunk of the total.

Mr. Callahan: You indicated you had some difficulty revealing the name of this company because, I suspect, you felt it might have some impact on the negotiations with that company and with this particular entity. Is that right?

Mr. MacKinnon: It may. It is easier to explain it more fully if I abstract myself from the conditions of this case for a moment. There are

technical reasons for being very careful about information relating to this kind of company. The product is a technology-intensive product. Even if there is a one in 100 chance that some description of it might inadvertently end up in a wastebasket somewhere, the average person running a company of this type knows that chance is there and is reluctant to run it.

The commercial confidentiality and the relative bargaining position of all the parties involved is another reason. In the normal course of this business, there are half a dozen good reasons why much information is held back and is provided only grudgingly by the various parties involved.

Therein lies the real problem we face with the portfolio. Given the importance of information to companies that have intellectual products, we sometimes appear to be quite unforthcoming. For example, sometimes we have to be quite hard on the management of these companies if they do not do what we want them to do. Sometimes we have to fire them. Sometimes, if our actions were exposed to snapshot judgements at certain points, we might look like the most awful bullies. There are all those types of shading. Normally, in a venture capital portfolio of this kind, people get a sense that it is hard to get information. It is and it should be if the job has been done right.

Mr. Callahan: There were certain stages to releasing these funds. Has Wyda completed what was anticipated by IDEA in terms of having justified the plug-in of the first \$3 million? Has it reached the stage where it was anticipated it would be entitled to that money?

Mr. MacKinnon: You never know these things 100 per cent until the product is actually on the market, as was basically implied by Mr. Pope's earlier question. At this point, it appears to have developed a product that has attracted great interest not only in this country but also in others.

Mr. Callahan: It was indicated that there was no legal commitment and that investment considerations had to be made before the additional \$500,000 is put forward. If you had done away with things such as the legislative committee and the other, have they now advanced to the stage where those additional funds would be made available to them in the ordinary course of events?

Mr. MacKinnon: Yes. They have substantially fulfilled the IDEA Corp. milestone for the first \$250,000 of the \$500,000 investment. They have fulfilled the provision of that deal. Until the testing site is chosen, they will not have fulfilled the conditions for the second \$250,000.

Mr. Callahan: To put it in an analogous situation of a building loan, they are ready for their advance and you are prepared to give it to them, subject to these concerns you have expressed to us.

Mr. MacKinnon: The building loan analogy is probably quite a good one in this case.

Mr. Chairman: I am curious that you have had lab testing of this equipment and now are looking at doing it in an in-plant setting. You talk about the venture capital. After this beta testing is completed, then you are going to look at marketing and additional investment. Apparently the lab testing was successful because you are moving on to the next phase. Why has the company not been able to attract some private sector venture capital? Why is it still looking to government completely to provide that assistance?

Mr. MacKinnon: I will answer that question in two parts. For the moment, I will abstract myself from the circumstances of the case and talk about a company at this stage of its development. Normally, if a company seeking to attract venture capital is seen by the rest of the venture capital community, or others, to be involved in a dispute or potential wrongdoing of any kind--even if it is just a suspicion that is going around in the gossip on the street--that will affect the perceptions of other investors in a very significant way.

Mr. Pope: I do not accept that.

Mr. Chairman: I have difficulty with that but please proceed.

Mr. MacKinnon: I will come back to the specifics of the case in a moment. To go back to the lending analogy, if we are talking to a customer about making him a loan and he says, "By the way, I am the subject of an inquiry by the Ministry of the Environment with respect to my sewage outflows," the chances of us making a loan to him, until he has re-established his relationship with the Ministry of the Environment 100 per cent, are low.

Mr. Chairman: In any event, I want to put my concerns. If this is such a revolutionary piece of business, and we have been told ad infinitum that it is, and it has gone through the first phase of testing successfully, it would be something the venture capital firms would be taking a look at despite the rumours on Bay Street. I am concerned about that.

The other thing that strikes me as strange is that you are negotiating with one company. If this has broad appeal, why are you negotiating with one company? Is there only one firm out there that feels this kind of technology is applicable? Do you endorse the fact that you are negotiating with only one company to try to apply this technology? That strikes me as strange.

Mr. MacKinnon: Let me answer in the same order you posed the questions.

First, I will observe that any suspicion that a company has been subject to a public inquiry, reported widely or not, will impair its ability to raise equity capital from other private sources. That is my first observation.

My second observation is that the IDEA Corp. board apparently envisaged, and sought to ensure, that its funding would only flow provided some private funding flowed as well. The two investments that we are talking about, the \$250,000 and \$250,000, would only flow if they were matched by private sources. That is a very important consideration.

Third, as we discussed earlier, one of the IDEA conditions involves strengthening the management of the company in a way that would enhance the company's ability to attract private sector capital. In terms of the people it has been talking with about joining the company and participating in that, there is very satisfactory evidence that after these two investments, or even after only the first one, the company's ability to attract private sector capital would be very significantly enhanced by the changes it is proposing to make to its management structure. Subject to detailed discussions with the company about that point, we would find it useful at some point to explore that further.

Mr. Chairman: What happens if there are problems negotiating a contract with this particular firm or if the contract is settled, there is beta testing and there are difficulties? Further funding for this operation will have to be examined.

Mr. MacKinnon: We may not. We may do as we have done in similar cases. We may call it a day. The company I understand Wyda is negotiating to test is a company of major stature. I would imagine they have others they may have talked to at various stages. At this point, all they need is one. The one they are talking to is of major stature. That would satisfy the original requirement of the IDEA board made upon the provision of reasonable quality advice.

Mr. Chairman: What would happen to this technology if the company went under?

Mr. MacKinnon: There is a range of possibilities. Failure to develop it further is one. Having it leave the country is another. There is a range of hypothetical possibilities.

Mr. Chairman: One of the options you mentioned you are considering is an interim loan, although that is not terribly attractive to you. It would be made available during the inquiry phase.

Mr. MacKinnon: That was an option we developed. As a corporation, it causes us major problems. It is an option that seems to us at the moment to have merit in fulfilling both the government's objectives of making sure the committee is unimpeded in any way and the committee's objectives of satisfying itself on further matters. It is an option that devolved in recent days. We hope to find some way that would be attractive, particularly to the committee, in bridging the conflicting objectives we face. It is an option we seriously recommend for your consideration.

Mr. Chairman: I am a suspicious soul at best.

Mr. Mancini: You are right, Mr. Chairman, you are very suspicious.

Mr. Chairman: I have problems with this whole approach and whether there is simply an effort here to continue this situation beyond a certain point next year so that no embarrassment is forthcoming.

Mr. MacKinnon: May I make an observation on that? This is an option developed entirely within the corporation. It is not the subject of any discussion beyond the corporation except for our lawyers and accountants.

Mr. Epp: I have several questions although I would like to recommend that we go in camera for five or ten minutes and deal with a few things that are outstanding and should be dealt with in camera. Then we can proceed with other matters.

Mr. Chairman: In respect to Mr. MacKinnon, you are talking about--

Mr. Epp: Yes, and I believe I have the support of other members of this committee on that. That is my suggestion.

Mr. Chairman: Mr. Epp moves that we go on in camera. Are we in agreement?

Motion agreed to.

Mr. Chairman: We will have a five-minute break while the people in the audience remove themselves from the room.

Mr. Epp: While they are removing themselves from the room, I am wondering about something. There is an important vote coming in the Legislature today. I do not know how other members feel, but I am wondering whether it is your intention to go to 11:45 a.m. today so that the members can vote or go to 12 noon or beyond today.

Mr. Chairman: Once the bells ring, we are obligated to attend.

Mr. Epp: They may or may not ring, depending on whether members in the Legislature force the vote. Thank you.

The committee continued in camera at 11:05 a.m.

11:40 a.m.

Mr. Chairman: Can we get under way?

Mr. Philip: We cannot get under way until Gerry McAuliffe arrives.

Mr. Chairman: The next item on our agenda is--

Mr. Philip: Can we just wait a moment?

Mr. Chairman: No. We are not going to wait for interviews. Perhaps the interviewer can wait. I am not waiting any longer. We said a five-minute adjournment.

We have a notice of motion by Mr. Gillies regarding the Huang and Danczkay matter. As members will recall, Mr. Epp suggested that this matter did not fall within the committee mandate and asked that I rule on whether the committee should be dealing with this matter. After some deliberation and discussion with a number of people, I have declared a ruling on that.

Mr. Pope: Can I ask that you adjourn your ruling until Mr. Gillies is here next week?

Mr. Mancini: I am anxious to hear what it is. Can you give us a preliminary ruling on your ruling?

Mr. Chairman: No hints. This is really at the wish of the committee. If the committee wishes to have this deferred for one week--

Mr. Mancini: I think we should hear it right now. We have been delaying too many things, as you aptly pointed out this morning.

Mr. Pope: Do you want a motion from me?

Mr. Chairman: Mr. Pope moves that the chairman's ruling with respect to the motion of Mr. Gillies be adjourned for one week until Mr. Gillies can be here.

Mr. Mancini: That is fine. We do not need a vote. I can see what the count is.

Mr. Chairman: We are all in agreement then?

Mr. Epp: I think Mr. Pope has made his point.

Mr. Chairman: The next item is the retirement of the Clerk. I am going to suggest that perhaps we not get into that this morning and start calling witnesses at this late hour but that our first order of business next week will be my statement, unless there is a further motion to table.

Mr. Davis: Is not the first item of business the retirement of the Clerk?

Mr. Chairman: We have been delaying the retirement of the Clerk issue. I am going to suggest that be the first order of business for next week. Prior to the end of the day, I will give my decision on the Huang and Danczkay matter.

Mr. Davis: What do you do with the report of the steering committee with respect to the information that was given to us today? What will we do with that?

Mr. Epp: That was my point. I know we would like to deal with the Lewis matter.

Mr. Chairman: Make it the first order of business. You are right.

Mr. Davis: The first order of business will be dealing with the Clerk and then we can have your ruling.

Mr. Chairman: There is one other matter while we still have some members of the committee here that perhaps requires going on in camera. We will refer it to the subcommittee to come back with a recommendation for next week as well. It is the matter of dealing with the request from the auditor to have us consider the tabling of his reports. I hope we can deal with that at the subcommittee as well, since Mr. Archer will be present and will make a recommendation for next week.

Mr. Mancini: Do you mean the annual report?

Mr. Chairman: And other reports.

The committee adjourned at 11:53 a.m.

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